SODIC

HUMAN DEVELOPMENTS

2015

ANNUAL REPORT

SODIC is in the business of creating Human Developments – holistic communities that aim to facilitate our clients' daily activities and improve their overall quality of life.

Contents

OVERVIEW OF **SODIC**

Sixth of October Development and Investment Company (SODIC) is one of Egypt's largest listed real estate developers. We specialize in developing large scale master-planned communities that cater to the country's ever-growing need for high quality residential, commercial and retail property.

Headquartered in Cairo and listed on the Egyptian Exchange (EGX), SODIC is one of the few non-family owned companies traded on the EGX, with robust institutional foundations and a strong corporate governance framework.

SODIC has been delivering award-wining developments for almost two decades, pioneering the establishment of expansive mixed-use communities across new urban suburbs on the outskirts of Cairo. Our meticulously planned, spacious developments on both the west and east sides of Cairo continue to stand at the forefront of the increasing market demand for relocation away from the ever-congested Central Cairo.

Building on our solid foundations in Cairo, SODIC's expansion into the second-homes market in 2015 has been very well received, and marks the beginning of our strategy for further growth across new geographies and real estate segments. Our outlook for expansion is bolstered by our solid track record of delivering on our commitments, which has positioned us as one of the most reputable real estate developers in Egypt with strong brand equity.

At SODIC, our goal is to create not merely world-class real estate developments but also vibrant, integrated communities with a balance of residential, recreational and business amenities and activities. SODIC is in the business of creating Human Developments – holistic communities that aim to facilitate our clients' daily activities and improve their overall quality of life.

The human side of SODIC's endeavours extends beyond our business objectives as we actively pursue several avenues for the betterment of the societies in which we operate. SODIC's corporate social responsibility efforts focus on promoting education opportunities for the less privileged, rehabilitating impoverished areas and taking part in a number of relief initiatives. SODIC is also a proud supporter of the arts and a champion of sports – both forming integral parts of our communities that also serve as important channels for giving back to society at large.

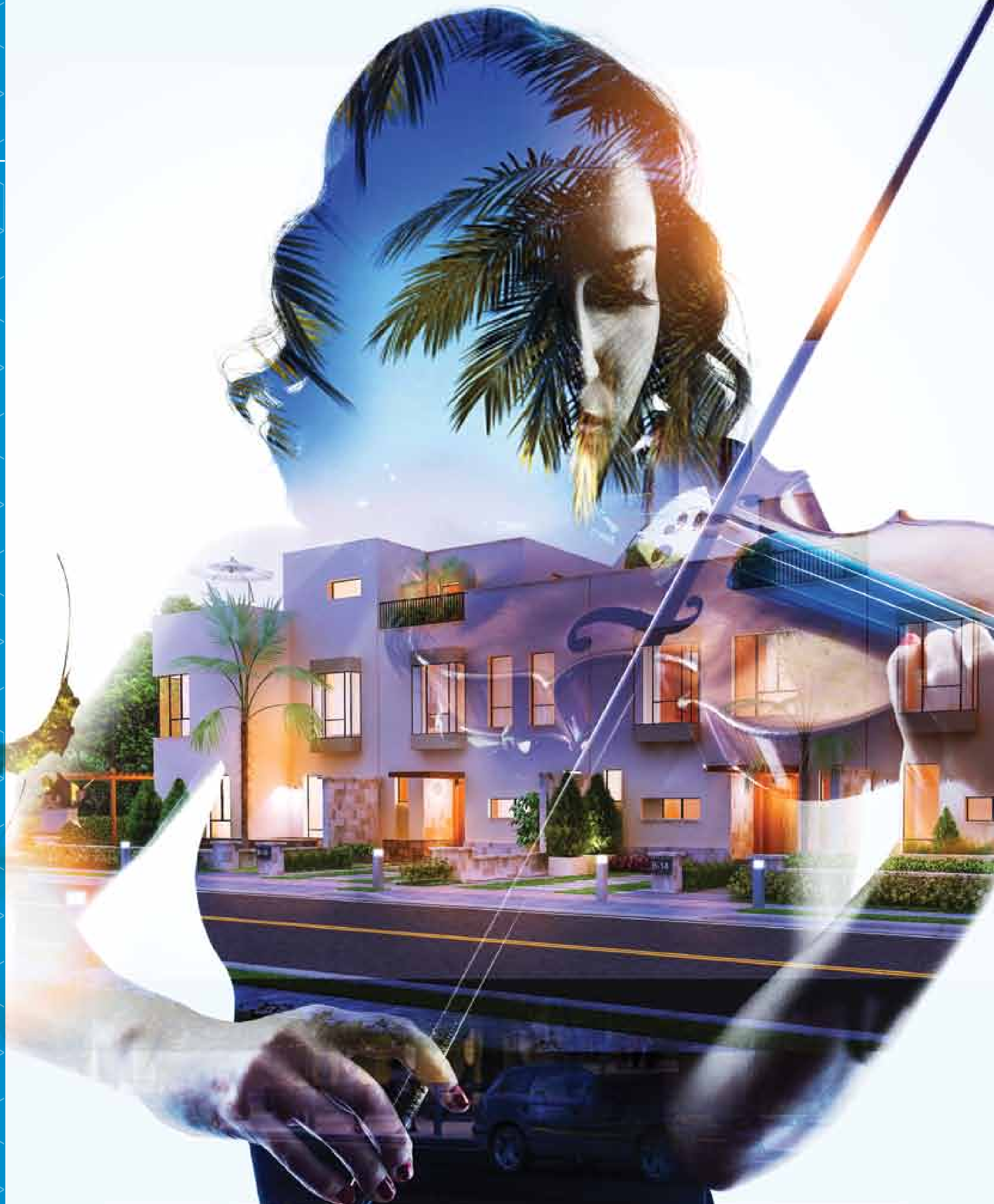
Invested	Contracted sales[3]	Units sold	Units delivered
+12 EGP bn	15.7 EGP bn	+8,900	+5,670

SODIC KPIs Since Inception[1]

Diverse developments	Total land area developed	Built up areas developed	Unlaunched & undeveloped land bank
13	+7 mn sqm	+3 mn sqm	5.8[2] mn sqm

[1] As at year-end 2015
[2] Includes 2.75 million sqm secured by way of a co-development agreement with Heliopolis Housing and Development Company
[3] Excluding Beverly Hills

2015 IN REVIEW



LETTER TO OUR SHAREHOLDERS

Dear shareholders,

I am excited and privileged to have recently joined the SODIC team – a truly talented pool of professionals that relentlessly drive the company's progressive, holistic approach to an age-old, core economic sector. Standing apart from a crowded market, SODIC has established itself as more than simply a leading developer of real estate, but rather a creator of dynamic, liveable communities. Joining SODIC with almost 30 years of professional experience in the real estate sector, I look forward to building on the solid foundations on which the company stands today.

As we look back at a remarkable year for SODIC, we must but acknowledge the notable influence of my predecessor, Ahmed (Dasha) Badrawi, in successfully steering this latest chapter of SODIC's success story. Having been with SODIC for almost 10 years, which culminated with over two years at the helm, Dasha has been instrumental in helping the company regain traction through the resolution of outstanding land disputes, while paving the path for a new era of growth. We bid Dasha farewell and wish him the best of luck in all his future endeavours.

2015 was an outstanding year for SODIC across the board. From almost doubling our land bank to the record number of contracted sales and deliveries, both our operational and financial results for the year were exceptional.

The push to restock our land bank, which successfully commenced in 2014 through a sizeable new acquisition and the settlement of legacy land disputes, was significantly amplified in 2015 with the addition of c.3.3 million sqm of new land. By March, we had concluded the purchase of 441,000 sqm on the Mediterranean North Coast of Egypt, followed in September by our acquisition of a 126,000 sqm plot in West Cairo, and concluded in December with the addition of 2.75 million sqm in East Cairo. This rapid regeneration of our land bank in 2015 was made possible by our markedly healthy balance sheet, which remains highly liquid and supportive of our ongoing expansion outlook.

On the sales front, 2015 was a landmark year for SODIC with the inking of 1,105 contracts for new units worth EGP 4.4 billion. At a c.43% year-on-year growth in net contracted sales, our robust market reputation and strong sales network were clearly underlined.

Backed by a strong financial position and healthy sales pipeline, SODIC remains committed to furthering its reach across new geographies and real estate segments while paying particular attention to honouring our commitments to our clients – consistently working to raise the bar on deliveries, design, construction and community management. On the deliveries front, our clients took receipt of 721 units across 8 projects in 2015, surpassing our 677-unit target and further reinforcing our brand equity among Egyptian mega-developers.

Our solid brand reputation continues to serve as an important asset in working with our creditors, business partners and investors. In this regard, the 2.75 million sqm co-development agreement with Heliopolis Housing and Development Company, the award letter for which was received at the close of 2015 with the final contract signed in March 2016, cemented our position as a leading, trusted market player. Moreover, the six month turnaround period from land acquisition to project launch of Caesar, our first secondary home development on the North Coast, is further testament to our highly marketable marque and desirable offerings.

Caesar also marks an important turning point for SODIC as we capitalize on our strong position and solid know-how to open new avenues for growth beyond the confines of the capital city.

In broadening the scope of our offerings, we are keeping a close eye on expanding our recurring income stream. Working towards this goal, 2015 saw Westown Hub open its doors in May with an occupancy rate of c.55%. Increased allocations to our retail and commercial portfolio are also slated across both our West and East Cairo developments and are to positively impact our recurring income as they come online in the coming years.

Also noteworthy for the year is our Cityscape 2015 award for best built mixed-use development, for our flagship development SODIC West, which comes in clear recognition of our market leadership at creating lively, diverse communities – the essence of our Human Developments philosophy.

At SODIC we firmly believe that improving the circumstances of the societies in which we operate goes hand-in-hand with our core business objectives of enhancing the lives of our clients and contributing to the prosperity of all stakeholders. Our corporate citizenship initiatives operate through three complementary programmes: SODIC CSR, SODIC Art and SODIC Sports, which work to positively affect the lives of thousands of people through a number of interwoven education, rehabilitation and relief efforts while supporting the arts and championing sports activities. I invite you to learn more about our corporate citizenship activities, with highlights for the year, within the dedicated section in this report.

In closing, I must acknowledge that 2015 has set the bar high and that the rapid growth the company has experienced is not without its challenges, both internally and externally, yet I believe we are well-positioned and equipped to capitalize on an outstanding past year. 2015 was packed with milestones and achievements of which we are very proud. We not only reached our targets, but surpassed expectations, redefining the standards of our industry.

We will continue to add value wherever we go – to our shareholders, clients, partners and communities – as we write the next chapter in SODIC's story.

Magued Sherif

Magued Sherif
Managing Director

" 2015 was an outstanding year for SODIC across the board. From almost doubling our land bank to the record number of contracted sales and deliveries, both our operational and financial results for the year were exceptional "

HIGHLIGHTS OF 2015

OUR SOLID FINANCIAL RETURNS IN 2015 ECHO THE COMPANY'S REMARKABLE OPERATIONAL PERFORMANCE THROUGHOUT THE YEAR AND THE DISTINCTIVE APPEAL OF THE SODIC BRAND.

Financial Highlights

Revenues
1.5 EGP bn
Up 7.7% YOY

Gross Profit
609 EGP mn
At a margin of 41%, up 600bps YOY

Net Profit
311 EGP mn
Up 118% YOY with a margin of 21%

Cash Balance
2 EGP bn
With positive net cash of EGP 797 mn

Receivables
6.9 EGP bn
Up 42% YOY in line with sales growth

Equity
3.4 EGP bn
With a debt-to-equity ratio of 0.35x

Operational Highlights

Contracted Sales
4.4 EGP bn
Up 43% YOY

Deliveries
721 units
Up 47% YOY

Land Acquired[1]
3.3 mn sqm
Secured throughout the year

Cash Collections
2.4 EGP bn
Up 17% YOY

Delinquencies
5% of collections
An all-time low

Cancelations
5% of contracts
An all-time low












Q1-15

February:
- Concluded sales of Villette Phase 1, which was launched at the end of 2014
- Launched Courtyards Phase 2

March:
- Acquired a 441,000 sqm land plot on the North Coast to begin developing Caesar, our first secondary home venture
- Launched Villette Phase 2 and Eastown Phase 8 to a great reception that saw both projects fully sell out rapidly

Q2-15

April:
- SODIC-sponsored traveling art exhibition, The Bridge, opens at SODIC West on the second leg of its 2015 - 2016 world tour

May:
- The HUB, SODIC's first recurring income asset, commenced operations, with occupancy rates reaching c.55%
- Launched Courtyards Phase 3

June:
- Pieces from the SODIC-sponsored Bridge Exhibition were showcased in London
- Launched Forty West Phase 2

Q3-15

July:
- Hosted several successful promotional events at the HUB during Ramadan

August:
- Successfully launched Phase 1 of Caesar, a turnaround time of less than six-months from March's land acquisition

September:
- Acquired a 126,000 sqm plot in West Cairo
- SODIC received the "Best Mixed-Use Project" award from Cityscape acknowledging the success achieved in SODIC West

Q4-15

October:
- Launched Courtyards Phase 4 in addition to a new building in The Polygon
- Participated in Heliopolis Housing's bid to co-develop 2.75 million sqm of land in East Cairo

November:
- Launched Villette Phase 3 and Eastown Phase 9
- Attended our last investor conference for the year, capping a very successful year on the IR engagement front, meeting 200+ local, regional and international investors in 2015

December:
- Received award letter from Heliopolis Housing to co-develop 2.75 million sqm of land in East Cairo
- Organized and hosted The HUB's winter festival

[1] *Includes 2.75 million sqm secured by way of a co-development agreement with Heliopolis Housing and Development Company awarded in December 2015 with final contracts signed in March 2016*

BUSINESS REVIEW

LETTER FROM THE CFO

2015 was an important year for SODIC, witnessing significant improvements in profitability levels as well as substantial operational developments, most notable of which was the addition of 3.3 million sqm to our land bank using portion of the proceeds from the EGP 1 billion rights issue that took place in 2014. SODIC also began realizing its long-term vision of expansion, venturing into new territories with the launch of our new second-home project, Caesar, on the Egyptian North Coast.

SODIC posted a gross profit margin of 41%, 600bps higher than that of last year. Supporting this improved profitability was SODIC's strong delivery cycle, with 721 units handed over to clients in SODIC West developments, mainly Westown Residences, Allegria, Forty West, The Polygon, The Strip, The HUB and Casa, in addition to Kattameya Plaza in East Cairo. The company recorded an impressive growth of 118% in net profit during 2015, which came in at EGP 311 million, with a net profit margin of 21% – nearly double that of last year. Cash collections for the year increased 17% compared to 2014 to reach c.EGP 2.4 billion, while delinquencies remained grounded at their all-time low of 5%, contributing to the company's healthy cash balance of EGP 2 billion at year's end.

In 2015, the company had dedicated both efforts and funds to the timely completion and delivery of units across its project board, allocating c.EGP 1.8 billion to finalizing land payments and construction works. Caesar was one of the highlights of the year, signaling the beginning of SODIC's entry into the second-homes market. In the way of diversifying its avenues, SODIC also closed a deal with the Heliopolis Housing and Development Company, which will see both companies co-develop a project that caters to a wider segment of first-home owners, demonstrating SODIC's agility as a company able to adapt to new market trends and shifting client needs. The co-development agreement was awarded in December 2015 with final contracts signed in March 2016.

These achievements would, naturally, not have been possible without the commitment of our shareholders; it is with their support that we were able to build our solid track record of following through on our promises and delivering consistently strong results year after year. The strength of our brand equity and the connections we have built over the years with other developers, banks, suppliers, contractors, and clients are a testament to SODIC's positioning as a leading player in the industry, with excellent fundamentals to support future growth and further success in the years to come.

Omar Elhamawy
Chief Financial Officer

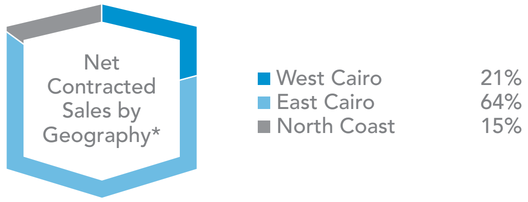
> "The company recorded an impressive growth of 118% in net profit during 2015, which came in at EGP 311 million, with a net profit margin of 21% – nearly double that of last year."

BUSINESS REVIEW
A CLOSER LOOK AT 2015

SURPASSING THE YEAR'S OPERATIONAL TARGETS WHILE CONTINUALLY DELIVERING ON OUR COMMITMENTS HAS ALLOWED US TO CAPITALIZE ON THE CONTINUED RESURGENCE IN MARKET APPETITE.

Operational Review

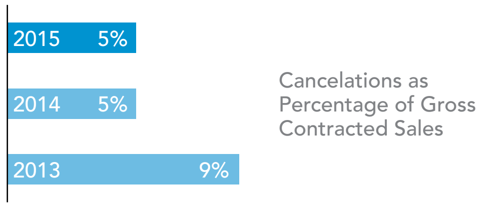
- **Net Contracted Sales** stood at EGP 4.4 billion in 2015, a surge of c.43% year-on-year, thanks largely to a strong sales momentum across all projects, particularly East Cairo developments Villette and Eastown, which were key drivers of growth this year, contributing c.63% to net contracted sales. SODIC West was also a strong performer, contributing some 21% of contracted sales. Additionally, Caesar, SODIC's first second-home development on the North Coast was a great success, posting a sales figure of EGP 671 million for the year.



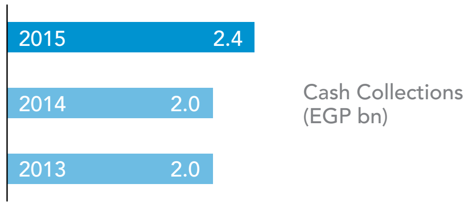
* Breakdown by value of units sold.
** Other projects include Allegria, Kattameya Plaza, Forty West, The Ploygon, Westown Residences and The Strip.

- **New Launches** in 2015 included three phases in Courtyard, two phases in each of Villette and Eastown, one phase in each of Forty West and Caesar, in addition to a building in The Polygon. These 10 new launches, in addition to inventory from previous launches, contributed to the EGP 4.4 billion in net contracted sales achieved in 2015.

- **Cancelations** for the year remained at their all-time low of 5%, reflecting the market's rejuvenated appetite for real estate and the consistently strong demand for SODIC products.



- **Cash Collections** increased 17% over the same period last year, thanks mainly to our efficient management of the collection process and a higher demand for our product offerings during 2015.



- **Delinquencies** remained low this year, standing at 5% and contributing positively to SODIC's end of year healthy cash balance of EGP 2 billion.

- **Deliveries** surpassed our 2015 target, reinforcing SODIC's reputation of timely deliveries, with some 721 units handed over across all projects, compared to 491 units last year.

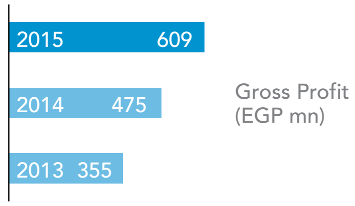
* Breakdown by number of units delivered.
** Other projects include Forty West, The HUB, The Strip and Casa.

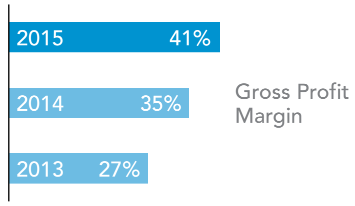
- **Land Acquisitions** warranted substantial efforts on the company's part with a total of 3.3 million sqm added to SODIC's land bank this year. In addition to the c.441,000 sqm plot acquired in the North Coast for the Caesar project, the company also added a c.126,000 sqm plot in 6th October (through a government auction) and a 2.75 million sqm plot in East Cairo through a co-development agreement with Heliopolis Housing and Development Company, awarded in December 2015, that entitles SODIC to 70% of residential revenues and 69.8% of commercial and retail revenues.

Financial Review

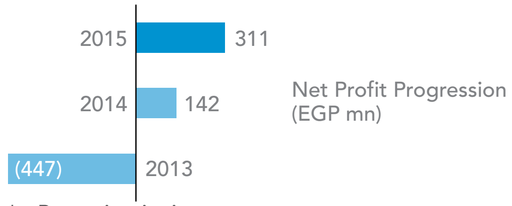
- **Revenues** for the year stood at EGP 1.47 billion, up 7.7% year-on-year on the back of higher deliveries during 2015.

- **Gross Profit** increased c.28% over 2014 to reach EGP 609 million, with a Gross Profit Margin of c.41%, 600bps over the 35% recorded in 2014. This improvement was mainly thanks to the delivery of high-margin units in Westown Residences, Allegria and The Strip.



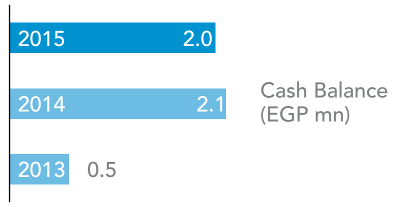


- **Net Profit*** was 118% higher year-on-year, standing at EGP 311 million compared to EGP 142 million in 2014. Net profit margin was also a healthy 21%, with high interest and other income generated throughout the year having helped boost profitability levels during 2015, especially with SODIC sustaining its solid track record of timely deliveries.

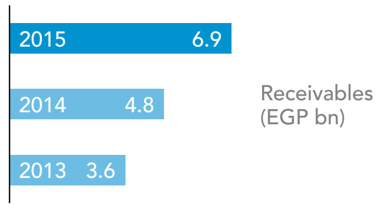


* Post minority interest

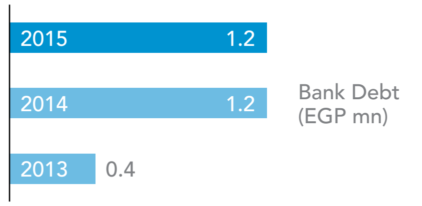
- **Total Cash Balance** closed the year on a positive note, standing at c.EGP 2 billion on the back of a strong collection cycle that saw collections rise 17% over 2014, overshadowing a low delinquency rate of only 5%, allowing the company to maintain its highly liquid position.



- **Receivables** continued on a solid growth trajectory, in tandem with contracted sales, reaching c.EGP 6.9 billion at the end of 2015, an increase of 42% over 2014, in line with the strong sales momentum witnessed during the year.



- **Bank Debt** remained somewhat flat year-on-year at a total of EGP 1.2 billion, with a debt-to-equity ratio of 0.35x and a positive net cash balance of EGP 797 million.



- **Equity** rose 9.7% during 2015, on the back of a more than two-fold increase in net income. SODIC had closed an EGP 1 billion rights issue in 2014 and utilized a portion of the proceeds in growing our land bank and expediting construction work throughout the year. The balance is earmarked to further expand the business and finance new land acquisitions.

FORWARD-LOOKING STRATEGY

GENERATING LONG-TERM VALUE AND RETURNS FOR OUR STAKEHOLDERS HAS ALWAYS BEEN THE FOCAL POINT OF SODIC'S STRATEGY. IT WAS OUR UNWAVERING DEDICATION TO THAT VISION THAT HELPED US BUILD BOTH A STRONG BRAND NAME AND THE SOLID PLATFORM WE NOW STAND ON, ALLOWING US TO WEATHER EVEN THE MOST DIFFICULT OF STORMS.

As economic conditions begin to improve and the real estate market rebounds, we intend to remain committed to our long-term goals and overall strategy. In 2014, we had set out on an aggressive expansion scheme that saw us begin to lay the groundwork for the successes achieved in 2015 – resolving outstanding land disputes, replenishing our land bank and diversifying our portfolio – to create room for accelerated growth.

In 2015, SODIC posted exceptional results, both on the financial and operational fronts. Still, however, we see ample room for further growth. As we enter a new year, we intend to push forward with our plans and continue to create and add value wherever we go, through our commitment to fast-paced development and delivery, quality and vision.

2016 & Beyond

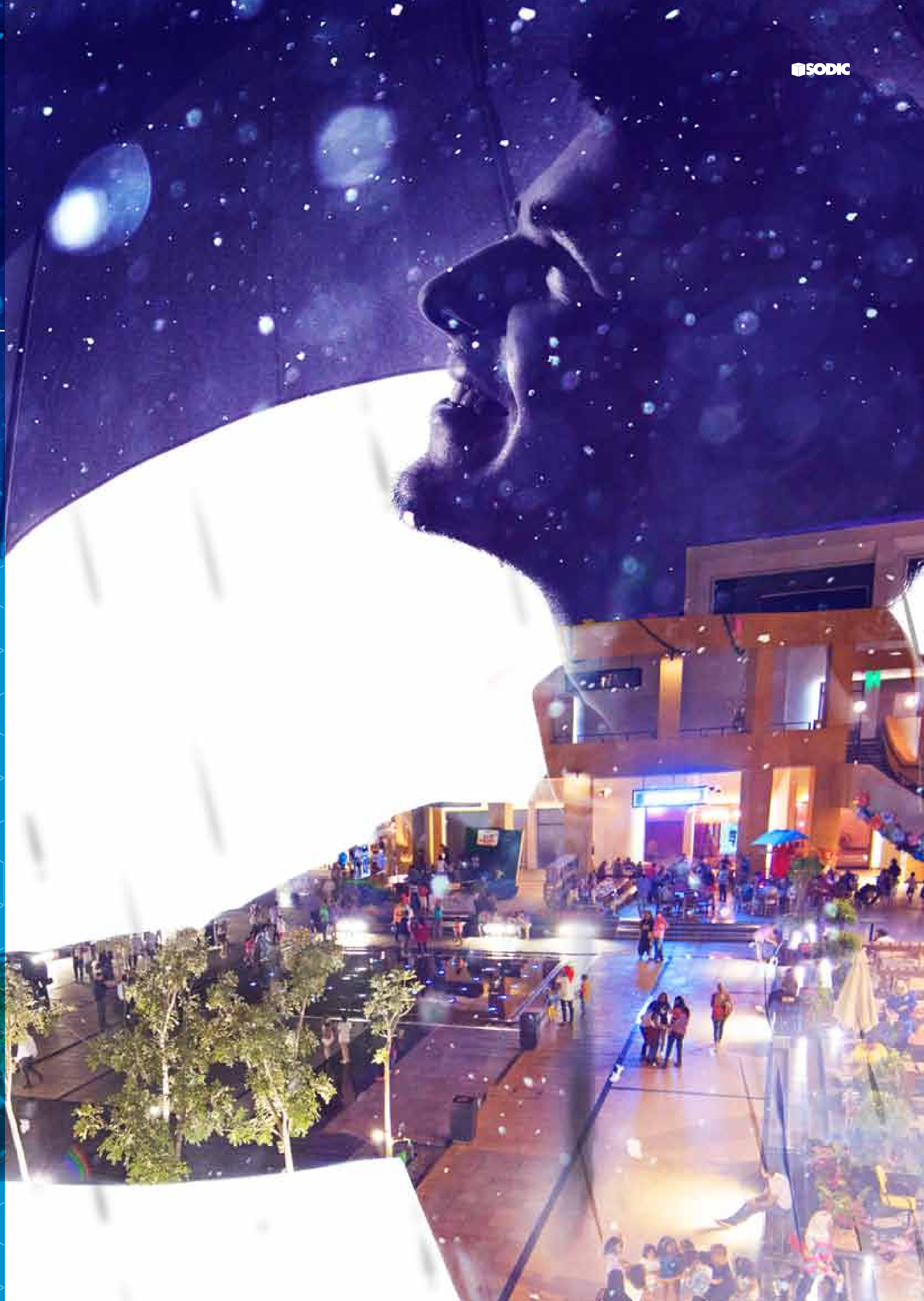
EXPAND...

- ...SODIC's land bank in East and West Cairo through value-adding acquisitions
- ...into new territories and market segments like secondary homes and coastal developments
- ...our reach through joint ventures and co-development agreements, as both a less capital-intensive approach to development and a way of catering to a wider segment of the market
- ...the company's project pipeline and portfolio by exploring the untapped potential for real estate in cities across Egypt

DEVELOP...

- ...a diverse portfolio of recurring income through commercial and retail developments
- ... SODIC's product offerings to leverage cross-selling opportunities
- ...expertise and capabilities at EDARA, our facility and property management arm

ABOUT SODIC



BUSINESS MODEL
A PROPOSITION OF VALUE

AS ONE OF EGYPT'S LARGEST LISTED DEVELOPERS OF MEGA-URBAN COMMUNITIES, SODIC'S BUSINESS MODEL IS CENTRED AROUND A COMMITMENT TO A NUMBER OF CORE PILLARS THAT DEFINE OUR WORK, ALLOWING US TO CREATE VALUE FOR OUR SHAREHOLDERS, CLIENTS, PARTNERS AND COMMUNITY – ALL OF WHOM ARE AT THE HEART OF WHAT WE DO.

Commitment to Clients

- At SODIC, our business is the creation of Human Developments – holistic communities and environments that allow people to lead productive and creative lives away from the hustle and bustle of the city center.
- As a trendsetter, SODIC is constantly raising the bar for quality standards in Egypt by bringing world-class, award-winning developments to the market and catering to its perpetual need for high quality properties.
- Our competitive edge lies in our ability to factor in the ever-evolving dynamics and needs of our market and clients, as well as our consistency in delivering quality products on time or ahead of schedule, all while providing unparalleled customer service.
- We extend superior property management services to our residents through our subsidiary, EDARA, making our developments one of the most highly sought after in the Egyptian market.

Investing in People

- At SODIC we believe our people are our greatest and most invaluable asset, which is why we have always dedicated efforts to our long-term goal of becoming an employer of choice, investing heavily in the recruitment, training and retention of the best talents in the market.
- As a flat, young and progressive company, we aim to provide our team with an engaging work environment that encourages individual contributions while promoting a dynamic atmosphere that thrives on collaborative work.
- At SODIC, we constantly strive to provide our growing team of now-589 professionals with the best work environment possible.

SODICS'S CORE PILLARS

Creating Sustainable Value

- SODIC maintains a diverse shareholder base, ranging large-scale international institutions to smaller local funds and individual investors, which has seen our market capitalization grow more than four-fold over the last four years.
- Our responsible investment strategy ensures sustainable long-term returns, as we add value through an ambitious, but prudent land acquisition and development scheme that sees us achieve record turnaround and delivery times and ensures we remain in high demand.
- SODIC's high land monetization rate is especially evident in the six-month turnaround periods, from land acquisition to the launch of sales, for both our Villette and Caesar developments.
- SODIC is well-positioned to capitalize on improving market conditions and capture growth, and supporting future expansionary plans and endeavours.

Giving Back to the Community

- Improving conditions for the communities we operate in is part of SODIC's philosophy and core values, which is why our corporate citizenship initiatives focus primarily on education and the rehabilitation of slum and low-income housing areas. These programs, which grow and expand hand-in-hand with our company, impact over 6,000 families each year. (Please refer to pages 25 – 29 of this report for more details on our CSR activities.)
- Through its project developments, SODIC also creates thousands of job opportunities. With every EGP 1 billion invested in construction, nearly 10,000 job opportunities are created.

SODIC MILESTONES

IN ITS 20 YEARS OF OPERATION, SODIC HAS DEMONSTRATED THE IMPACT OF HARD WORK AND DEDICATION BY BECOMING ONE OF THE LEADING REAL ESTATE DEVELOPERS IN EGYPT.

> "A household name in the industry, the company's commitment to quality construction and development projects has rippled across the nation, expanding its footprint to include some of the most coveted urban communities. Such success was built over the last two decades, punctuated by key milestones that have led us to where we stand today."

1996 – 1997

SOLID FOUNDATIONS

1996

SODIC established as a publicly traded company with more than 6,000 shareholders and EGP 100 million in paid-in capital.

The company purchases its first 10 million sqm plot of land in Sheikh Zayed as part of its founders' vision of developing a residential community on the Western outskirts of Cairo.

1997

SODIC launches its Beverly Hills development on a 1.7 million sqm plot of land, which today is home to over 2,900 families.

2006 – 2010

EXPANSION & GROWTH

2006

SODIC welcomes a new management team to reposition the company and plant the seeds for a new chapter, the fruition of which is heavily felt today. The company also increases its paid-in capital by EGP 1.1 billion.

2007

SODIC launches Allegria, its flagship development as part of the new management's drive to transform the company's brand identity into a luxury developer.

2008

SODIC diversifies its land bank and acquires 1 million sqm in the fast-growing New Urban Community of East Cairo. During the same year, the company launches Kattameya Plaze, its first development in East Cairo. Net Sales reach EGP 1.9 billion.

2009

Despite the headwinds caused by the global financial crisis, SODIC continues to launch various projects and ventures into the commercial segment with The Polygon and The Strip developments. Additionally, the company rolls out its Forty West development and Phase IV of Allegria, demonstrating its ability to persevere amidst a volatile economic climate and positioning itself as a frontrunner in the market.

2010

First deliveries at Allegria commence ahead of schedule. SODIC records Net Sales of EGP 1.86 billion and pumps an additional EGP 550 million in paid-in capital.

2011 – 2013

THRIVING DESPITE ADVERSITY

2011

SODIC reaffirms the steadfast nature of the real estate industry and its resilience in the face of the political and economic jitters that followed the 2011 Egyptian revolution, becoming the first developer to launch a project after the revolution with its Westown Residences, which sold out within 48 hours.

2012

SODIC launches Westown Hub, its first leasable asset in SODIC West, and delivers units at The Strip and Forty West. Net Sales reach EGP 1.6 billion

2013

Amidst Egypt's second uprising in June 2013, SODIC again manages to weather the storm with the launch of its Eastown Residences development, a project that reels in phenomenal success in terms of sales and price appreciation, and the delivery of units at Kattameya Plaza, The Polygon and Casa. Net Sales came in at EGP 2.5 billion.

2014 – 2015

A NEW ERA OF GROWTH

2014

SODIC is the first developer to successfully conclude its post-revolution land dispute with the government, namely over its Eastown land that exceeds 800,000 sqm. The year also sees SODIC free up 250,000 sqm of land in the heart of Westown following its amicable settlement with Solidere International.

Further adding to its land bank, SODIC is the first developer to acquire a sizeable land plot after the 2011 revolution, buying a 301-acre plot in New Cairo at a government auction.

The company records a 24% year-on-year increase in Net Sales to EGP 3 billion, and raises EGP 3.2 billion from debt and capital markets to fund its growth strategy.

2015

SODIC surpasses its 2014 growth record on all fronts, adding 3.3 million sqm to its land bank and broadening its scope by tapping into the second homes market through the Caesar project on the North Coast. SODIC's first co-development agreement with Heliopolis Housing is considered another pivotal avenue to accelerate growth and further expansion.

The year sees our strategic target of increasing recurring income also gain important traction, with our Westown Hub commencing operations at a c.55% occupancy rate.

Net Sales for the year reach an unprecedented high, totalling EGP 4.4 billion, with the c.43% year-on-year growth another clear sign that SODIC's strategy of diversifying across new geographies and real estate markets is paying off.

OUR MARKETS

The global real estate industry has traditionally enjoyed thicker skin when it comes to external fluctuations to hit the economy. While the 2008 financial crisis saw this view debunked to varying degrees, the Egyptian real estate industry proved to be one of the most resilient markets globally. This resilience was further solidified in the wake of the political and economic turmoil that came in the aftermath of the 2011 Egyptian revolution. Although the political and economic implications that followed forced real estate developers in Egypt and the MENA region to reassess their previous confidence in remaining impervious to instabilities, it also highlighted the industry's defensive nature; a pliability that may be attested to several variables.

Solid Fundamentals

Egypt expects a continued building boom in its real estate market. While economic and political setbacks certainly have encouraged developers to revisit their respective growth strategies and adopt a more innovative approach, certain facets of the Egyptian population have decisively kept the industry afloat as well. As a nation with over 90 million people where approximately 800,000 marriages take place a year, Egypt's demographics aid in creating stable demand for real estate development. Additionally, an existing housing gap of c.3 million units as well as solid demand for secondary homes in coastal cities provide ample opportunity.

An Obelisk for the Egyptian Economy

In Egypt's diversified economy, the real estate and construction industry contributes notable revenues for the country, making it a strong pillar of the Egyptian economy, having contributed some 14% to GDP in 2015. Moreover, the real estate and construction industry directly employs 20% of the Egyptian workforce, where every EGP 1 billion in spending results in the creation of 10,000 construction jobs. The real estate market also acts a locomotive for over 90 feeder industries, including cement, steel, carpentry any many others.

What the real estate market in Egypt has demonstrated and continues to prove is its promising convalescence amidst volatile political and economic climates. The demographics of the nation, coupled with government partnerships with the private real estate sector, and innovative strategic decisions taken by the latter to defend the industry, collectively continue to oil the cogs that keep the market in motion. With robust growth drivers to keep the industry afloat, the future outlook for real estate development in Egypt remains promising.

An Enduring Investment

The upper middle and upper classes of society have showed enduring demand amidst the political and economic turmoil that characterized Egypt in the wake of the 2011 revolution and the years to follow. In times of economic uncertainty, buyers sought security and investment opportunities in bricks and mortar as a primary hedge against inflation. Real estate investment is perceived by consumers as an effective means of capital preservation. Meanwhile, developers have also adopted a strategy of breaking up projects into phases to negate the effects of rising inflation.

As such, the Egyptian real estate market continues to report a surge in demand and developers continue to report top-line growth.

New Rules, New Opportunities

In legislative terms, the introduction of new rules and laws allowing the government to contribute land for new developments against a share of earned revenue should effectively reduce costs for developers during a time of surging land prices. In addition, whereas previously private investors owning land plots but lacking in execution capacity felt constrained, this has also paved the way for co-development agreements by enabling them to partner with solid brand equities.

Commercial & Retail Expansion

Investment in office and commercial property has also hiked, having previously stalled as a result of the revolution due to muted demand. Now, roughly 20% of projects under development are allocated to office and retail space. The increased allocation is aimed at meeting the rising demand for quality office space as well as a fast growing retail market.

The limited supply of quality office stock in Central Cairo has seen many companies relocate to new urban communities where the majority of developers operate and where purpose-built office space is becoming increasingly available. At an estimated 900,000 sqm of gross leasable area (GLA) in the office space market available in the Greater Cairo area, per-capita supply stands at a mere 0.04 sqm.

Meanwhile, Egypt's retail market stood at c.EGP 1 billion in sales in 2015 and is expected to grow to EGP 1.4 billion by 2018. The majority of this market is present in informal retail space, which represents c.98% of total retail trade in Egypt, reflecting a highly fragmented market with significant opportunities in the more formal and organized retail space. Cairo's total GLA in the organized retail space is currently estimated at 1.2 million sqm, representing 0.05 sqm per capita, well below regional averages.

CORPORATE CITIZENSHIP

Any company from any industry knows that the cornerstone of its success rests on the sustainable growth and betterment of the environment in which it operates. A leader in the real estate development sector in Egypt, SODIC was founded on a vision to enhance the real estate market through delivering top-quality developments that aim to enhance our people's quality of life while simultaneously working to advance the communities in which we operate. As an extension of our dedication to improving the lives of people, the firm views its corporate citizenship efforts as a core component of our Human Developments philosophy. Accordingly, SODIC strives to give back to society across three key channels; social welfare initiatives, the arts and sports.

SODIC CSR

SODIC ART

SODIC SPORTS

SODIC CSR

We believe Egypt's future rests in the hands of its youth as the primary drivers of the country's continued progress. Empowering young Egyptians through education initiatives lies at the heart of SODIC's corporate social responsibility (CSR) efforts. We also recognize our responsibility as an Egyptian developer to play a role in effective rehabilitation and relief of Egypt's impoverished communities. Fuelled by these convictions, SODIC CSR impacts over 6,000 families every year through education and slum rehabilitation programs, while continually contributing to a number of relief initiatives. SODIC CSR programs focus on sustainable development solutions with the aim of better-integrating underprivileged communities.

Education

Advancing Preschool Curriculums Across Disadvantaged Egyptian Neighbourhoods

Since 2007, the Alfanar Foundation has partnered with Future Lights for Development Organisation (FLDO) to address the lack of preschool development in impoverished neighbourhoods across Egypt, effectively introducing a Montessori-style Arabic language training curriculum. The program has benefited around 6,500 children at 35 preschools in some of Cairo's poorest slums, while providing vocational training for over 100 staff.

FLDO also works with parents to provide them with essential information in the areas of child development, psychology, hygiene and nutrition. Over 1,300 parents have benefited from the program to date. Furthermore, FLDO runs a recycling unit in Ezbet el Nakhl that produces children's educational games and toys, providing nurseries with affordable educational tools.

SODIC has supported FLDO through Alfanar, the first venture philanthropy organization with exclusive focus on the Arab world, since 2009, positively affecting the lives of over 5,000 families.

In 2015 the FLDO established 10 new nurseries in Beni Suef and reached the significant milestone of becoming financially self-sufficient. The NGO has also been recently contracted by the Egyptian government to apply its outreach training program at 15 state-run nurseries. Achieving financial independence along with government recognition and collaboration in 2015, the program has successfully achieved the sustainability objectives it had set out to accomplish, marking the successful conclusion to SODIC CSR's six years of investments in the program.

Supporting School Re-Enrollment and a Model Learning Center in Talbeya

As part of our efforts to focus on improving education opportunities for disadvantaged Egyptian youth, SODIC is a proud sponsor of the Educate-Me foundation. Founded in June 2010, Educate-Me was established to help financially underprivileged children go back to school and has since developed its own learning center in Talbeya that aims to act as a positive influence on the education system in Egypt. The foundation has reinstated 700 children back to school since inception, while its Talbeya learning center serves over 200 students.

In 2015 the Talbeya School began employing community members and has positively impacted another 80 lives during the course of the year. The school is also in the process of being accredited by the Ministry of Education, while Educate-Me is looking to add a new school in the area. 2015 also saw the NGO start to generate revenue through the introduction of a fee-based teacher training program that revolves around its self-actualization, character building curriculum, which was delivered to 35 schools as of the end of 2015.

SODIC provides direct funding to Educate-Me and is also a supporter of the foundation's "Sponsor a Child" program, raising EGP 500,000 for the program at Educate-Me's Spring festival in May 2015. Moreover, The Bridge, a traveling art exhibition of which SODIC is the founding sponsor, continues to contribute 40% of proceeds to Educate-Me.

Improving the Outlook for Street Children in Minya

Founded in 2008, the Bedayaat Foundation works on improving the conditions of street children living in Ezbet Badawi and Al-Ashish Al Mahfouz in Minya by raising their basic literacy and math skills, decreasing their tendency towards violent behaviour and developing their self-esteem. The program encourages and enables the children to return to school when possible, and eventually become productive members of their local communities.

Bedayaat works with 250 children, aged 6 – 17, and 300 families on child development and child protection schemes to ensure that families are supportive of their children's education. Bedayaat also offers the community income-generating opportunities through a weaving unit and recycling activities.

SODIC has supported Bedayat since the beginning of 2014.

Incubating Start-ups From All Over Egypt

Launched in June 2013, the AUC Venture Lab (V-Lab) is the first university incubator in Egypt. The program supports early-stage and growth-stage start-ups from all over Egypt that are selected through a rigorous screening process. AUC V-Lab provides these high-potential start-ups with funding, workspace, business training, mentoring and administrative assistance. The platform further empowers start-ups by allowing them to utilize AUC's world-class facilities, connecting them with its global network of alumni and faculty, and granting them access to students for product testing and internship opportunities.

By helping Egyptian start-ups successfully commercialize their innovative ideas and technologies, AUC V-Lab's goal is to help them contribute to the country's economic growth. SODIC has sponsored three incubation cycles at AUC V-Lab over three years and has helped launch 14 start-ups to date.

Providing a Second Shot at Education

The Tawasol NGO has been running a community school at Istabl Antar in Old Cairo since 2008, providing children that missed out on regular school enrollment with an educational curriculum alongside vocational training to help them earn an income. Vocational activities at the school include carpentry and carpet weaving while the school also offers choir and theater classes and includes a library and computer lab. Starting off with 20 students, the school has since reached its full capacity of 140 students.

> "Bedayaat works with 250 children, aged 6 – 17, and 300 families on child development and child protection schemes to ensure that families are supportive of their children's education."

Tawasol community school (top), AUC Venture Lab (left), Educate Me fund-raiser (bottom left), and a Future Lights for Development Organisation school (bottom right)

In 2015, the Tawasol community school graduated 155 students and the year saw handicrafts produced by its students starting to sell at boutique design showrooms and department stores around. The school also introduced photography classes in 2015.

SODIC has been a supporter of Tawasol since 2013, covering the running costs of the school and contributing to the acquisition of a 1,000 sqm plot of land in nearby Ezbet Khairallah where a new school will be built. The new school will offer primary, preparatory and secondary education in addition to career advisory.

Community Rehabilitation

Connecting 1,000 Homes in Ezzebet Khairallah to Fresh Water

In July 2015, SODIC signed a cooperation protocol with the Cairo governorate, the Holding Company for Water and Wastewater and GIZ to connect 1,000 houses in Ezzbet Khairallah to the public fresh water and waste water networks. The project also encompasses the installation of a fire-fighting network.

The initiative aims to provide vocational training across project operations and employ the community's youth in the collection of water supply tariffs. It also includes efforts to raise awareness about water consumption at local schools and will set up a community kiosk to engage residents around the project's activities.

SODIC is fully funding the project, which is planned for completion within of a year from inception.

Improving the Livelihoods of Helwan Women

An initiative of the Helwan Association for Community Development, Bashayer is a cooperative handicrafts training and production program aimed at improving the livelihoods of Helwan women while also working on raising awareness and encouraging their participation in social and political life. Bashayer was established in 1987 and currently employs over 370 women from Helwan at its production operation.

SODIC has been sponsoring Bashayer since 2009, assisting the program in professionalizing its production, accounting and marketing activities to help ensure its continued commercial viability.

Tackling Violence Against Women Through Awareness and Microcredit

The Shomoo Association for Sustainable Development has assisted over 4,000 women in Minya in overcoming abuse and discrimination since its establishment in 2004. The initiative currently operates a network of literacy classes for women across 42 villages in Minya and has introduced a microcredit program for cattle rearing, poultry farming and dairy production.

SODIC has been a sponsor of the Shamoo Association since 2012.

Supporting Performing Arts Training in Darb El-Ahmar

The Darb El-Ahmar School for Children (DASS) was launched by the Al Mawred Al Thaqafy cultural NGO in 2011 to train local children between the ages of six and eighteen in musical and circus arts. DASS runs afterschool classes that are taught by professional trainers and are attended by 140 students. The school's one-year program provides an essential creative and recreational refuge for the area's youth, while offering them viable livelihoods away from inappropriate occupations where they are otherwise commonly forced to work.

SODIC has sponsored DASS since 2011, funding a professional performance troupe that has performed in Cairo, Beirut, Kuwait City and London.

Taking Part in the Integrated Development of Ezbet El Assaal

Located in the heart of the sprawling suburb of Shubra, Ezbet El Assaal is one of Cairo's oldest slums. As of May 2012, SODIC has been involved in the integrated development of the area through a three-way cooperation agreement with the Cairo governorate and the architectural renovation and conservation expert Dr. Mona Zakaria. This pilot project aims to set a replicable model for the successful development of informal settlements by addressing the multifaceted challenges they face. From improving living conditions to providing education, training and job opportunities, the program applies a holistic approach toward community development and rehabilitation.

By May 2013 the first phase of the project was completed with 15 buildings, housing 78 families, completely rebuilt or renovated along Abdel Dayem Street. The street's sewage network was also fully retrofitted by year's end.

In January 2014, the Egyptian 306 306 fund joined the project, granting it access to diverse funding avenues and effectively fast-tracking development activities. The year saw the renovation of another four streets in the area with over 100 additional homes renovated, while the Future Lights for Development Organization, a SODIC-supported preschool training program, established 10 new nurseries in the area, serving over 1,000 pre-schoolers.

SODIC has invested over EGP 4 million in the development of Ezbet El Assaal as of the end of 2015.

Relief

Alongside our long-term education and community rehabilitation work, SODIC is also a firm believer providing short-term aid through a number of relief initiatives, including blood drives, blanket drives, salary drives, toy drives, food distributions as well as donations to different health facilities.

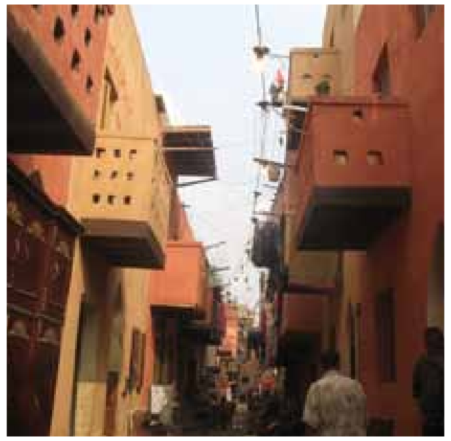
Employee Blood Drive, 2015

Our annual blood drive witnessed yet another successful run on February 25th, 2015, with SODIC employees donating 25 bags of blood in our continued efforts to help save lives.

Ramadan Parcels, 2015

In the spirit of the holy month of Ramadan, SODIC employees gathered on June 16th, 2015 to package boxes of food staples to help alleviate the needs of impoverished families during the course of the holy month. Over 500 boxes were rationed and distributed to needy families in different villages across Upper Egypt.

Before and after images of the rehabilitation of Ezbet El Asaal, one of Cairo's oldest slums



SODIC ART

SODIC is a keen supporter of the arts, viewing it as an essential avenue of free expression and an essential catalyst of social dialogue that transcends cultural boundaries. The SODIC Art program is dedicated to enriching our developments with engaging and functional artwork while simultaneously endorsing the talents that Egypt is blessed with, and promoting the true, diverse fabric of its people.

Sponsoring a number of exhibitions and local talents, SODIC Art continues to facilitate various artistic opportunities, some of which include:

The Bridge Exhibition, 2015 – 2016

SODIC is the founding sponsor of The Bridge, an East-West traveling art exhibition organized and curated by CARAVAN, an international peace building arts NGO founded in Cairo. The exhibition's core message is one of intercultural and inter-religious harmony.

The 2015 – 2016 exhibition has thus far been on display at several key venues, including in France, Egypt, the UK and North America where it has toured a number of US cities. 40% of all proceeds from The Bridge are being directed to the Educate Me program in Egypt to support the education of underprivileged children.

Past Art Events

SODIC's support of the arts extends back several years, and includes sponsorship of:

Amen: CARAVAN's 2014 Amen exhibition – A prayer for the World, was on display in Cairo, Washington DC and New York, with over 200,000 people in attendance across the three venues. SODIC was the exhibition's main sponsor with 30% of proceeds being directed to the Egyptian NGO Tawasol to help build and operate two schools at two of the poorest slum areas in Cairo.

Digital Fabrication Workshop: SODIC sponsored the first Morphing Norms Parametric Design and Digital Fabrication Workshop in Egypt in 2013, offering grants to nine students to participate in the workshop.

> "The SODIC Art program is dedicated to enriching our developments with engaging and functional artwork while simultaneously endorsing the talents that Egypt is blessed with, and promoting the true, diverse fabric of its people."

The SODIC art Symposiums: In 2011, SODIC began a string of art symposiums each revolving around a different subject and production medium. The artwork was created by Egyptian and international artists commissioned by SODIC and is now on display at a number of SODIC developments.

AC&C Art Fund Collection: Promoting the works of renowned Egyptian artists, SODIC showcased the never-before-seen AC&C Art Fund collection in 2010 at its main sales center, transforming the premises into an art gallery. The collection included over 80 paintings and sculptures and was attended by specialists from Sotheby's and Christie's.






The Bridge Exhibition in France, Egypt, the UK and the US

SODIC SPORTS

Sports activities are a cornerstone of life at SODIC communities, and also serve as yet another channel for giving back to our society at large.

As part of our philosophy of enabling our residents with well-rounded amenities for balanced, healthy lifestyles, outdoor activity areas and sports facilities are integral components of SODIC's master-planned developments. From signature golf courses to cycling and jogging pathways equipped with fitness stations, our developments provide the ideal settings for our SODIC Sports program. At SODIC, we do not merely build facilities, but actively organize sports events that help engage our communities.

SODIC and Baheya Run Against Cancer, 2015

In support of October Breast Awareness month, SODIC collaborated with Cairo Runners for the SODIC and Baheya Run Against Cancer, a 6km run at SODIC West. The event sought to raise awareness on breast cancer and raise funds for the Baheya Hospital – the first in the Middle East to specialize in advancing the early detection and treatment of breast cancer. The hospital extends its services, free of charge, to all patients that walk through its doors. Through the generous donations of participants, the run raised EGP 138,000 for the hospital.

SODIC West & GBI Family Bike Ride, 2015

SODIC Sport collaborated with the Global Bike Initiative (GBI) to kick off the spring 2015 season at SODIC West with a family bike ride on Friday, March 27th. Tailored for both casual and experienced cyclists, with an eye for providing an enjoyable day out for SODIC families, the event was planned around two routes, one running 6km and another traversing double the distance.

Past SODIC Sports Events

SODIC Charity Run, 2014: The SODIC Sport program cooperated with Cairo Runners to organize the SODIC Charity Run in November 2014. Over 1,000 runners took part in the event, helping raise funds to build and operate a school in Ezbet Khairallah, an informal settlement in Cairo.

ELFIT Challenge, 2013 / 2014: SODIC held the first two seasons of the ELFIT fitness competitions at the British International School in Cairo (BISC) campus in SODIC West. ELFIT is the biggest endurance event in Egypt and one of the largest in the Middle East, uniquely providing a number of competition categories across different age groups for both men and women.

STARS National Tennis Tournament, 2013: Proudly hosted by SODIC in association with the Egyptian Tennis Federation, the 2013 STARS National Tennis Tournament was held at the SODIC development of Beverly Hills. Some of Egypt's leading tennis players participated in the tournament across different age groups, from 10 to 18 years old.

Egyptian Open Golf Tournament, 2010: The 2010 Egyptian Open Golf Tournament was presented by SODIC under the organization of the Egyptian Golf Federation. The tournament was held at the JW Marriott's Mirage City Golf Club and hosted players from the Middle East and Europe, with special attendance by leading golfer Rory MacIlroy.

> "Sports activities are a cornerstone of life at SODIC communities and serve as yet another channel for giving back to our society at large."

SODIC DEVELOPMENTS

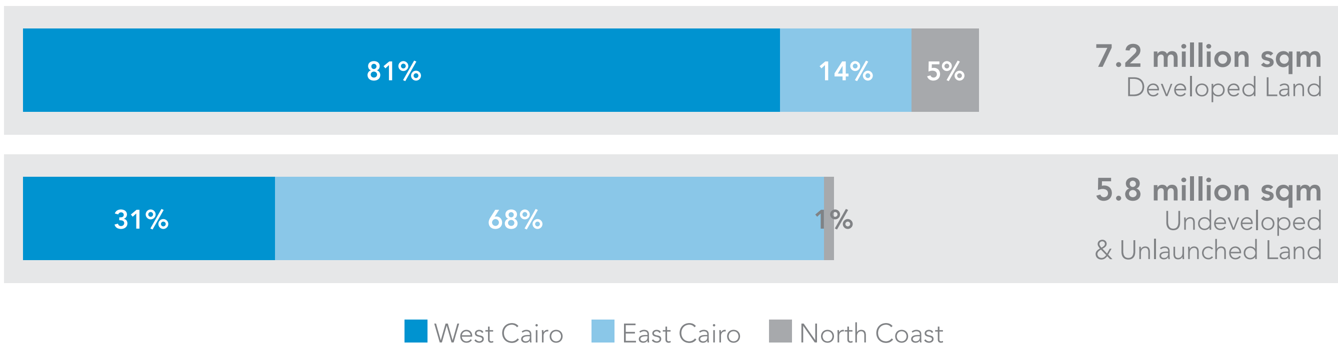
OUR PROJECTS PORTFOLIO

With over 7 million sqm of land developed and more than 3 million sqm of high-quality built-up areas delivered as of the end of 2015, SODIC has established itself as a clear market leader over the years, not merely in terms of scale, but also through our consistent drive to raise the bar for design, construction, customer service and community engagement.

Equipped with a solid brand reputation and a dispute-free land bank that has expanded significantly in 2015, SODIC is positioned for a new era of accelerated growth. Our continued drive to diversify our reach, adding new geographies and market segments to our portfolio, coupled with a healthy balance sheet, are also expected to propel our expansion outlook.

SODIC also remains focused on growing our recurring revenues base through increasing our gross leasable area (GLA). On this front, roughly 10% of our unlaunched and raw land is slated for retail and commercial use.

A 13 MILLION SQM LAND BANK



Beverly Hills

Beverly Hills, SODIC's first venture, is a 1.75 million sqm mixed-use residential development boasting over 2,950 luxury villas, townhouses and apartments surrounded by spacious green landscapes, offering residents social and commercial services, including a sports club, two international schools, a medical center and retail outlets. With its wide streets and cycling lanes, Beverly Hills has grown into a cosy yet vibrant community and is a highly coveted address in West Cairo.

The development was the first large-scale residential compound in Sheikh Zayed City, off the Cairo-Alexandria Desert Road, and, since deliveries started in 2001, has generated revenue in excess of EGP 1 billion for the company.

KEY FACTS & FIGURES

Gross Land	Number of Units	Inventory Sold	Delivery Started	Projected Completed
1.7 mn sqm	2,985	100%	2001	2005







allegria

SODIC's flagship project, Allegria, is an award winning residential development designed by a consortium of local and international architects, including Michael Graves, Arguitectonica, Mark Mack, Kamel Consultants, and Research Groups, Shahira Fahmy, Tamer Anani and Laithy Mekawy. Covering 2.4 million sqm of land, including a stunning landscape of green areas that surround an 18-hole Greg Norman Signature Golf Course, the development was launched in 2006 and its success helped reposition SODIC as a leading developer in the luxury segment.

Allegria includes over 1,250 villas and townhouses, a clubhouse plot that spans 32,000 sqm, and in 2008 the British International School in Cairo (BISC) moved its campus from Zamalek and is now situated right next door to the development. Unit delivery began in 2010 and is nearly completed today.

KEY FACTS & FIGURES

Gross Land	Number of Units	Phases Launched	Inventory Sold	Delivery Started
2.4 mn sqm	1,255	100%	99%	2010

Contribution to 2015 Revenue	Contribution to 2015 Contracted Sales
22%	0.3%

FORTY WEST

An exquisite blend of Mediterranean spirit and cutting edge architecture, Forty West is an exclusive development that boasts spectacular fully-furnished apartments, offices, boutiques, world-renown restaurants, open spaces and a luxurious hotel. The project was designed by internationally acclaimed, Boston-based, Machado and Silvetti Architects. At the heart of Forty West is the 2,500 sqm Piazza, a stunning space inspired by Barcelona's Plaza Real.

Forty West was given the Zimmer+Rohde Interior contract award in 2013. Forty West residences includes 221 fully-furnished apartments, each with a unique interior and spacious floor-plan designed by the award-winning interior design house, Eklego, and incorporating the latest building technologies and highest international specifications that include double glazed windows, luxurious floorings, indoor fireplaces, and capacious terraces.

KEY FACTS & FIGURES

Gross Land	Number of Units	Phases Launched	Inventory Sold	Delivery Started
56 k sqm	221	82%	71%	2012

Contribution to 2015 Revenue

8%

Contribution to 2015 Contracted Sales

3%

WESTOWN RESIDENCES

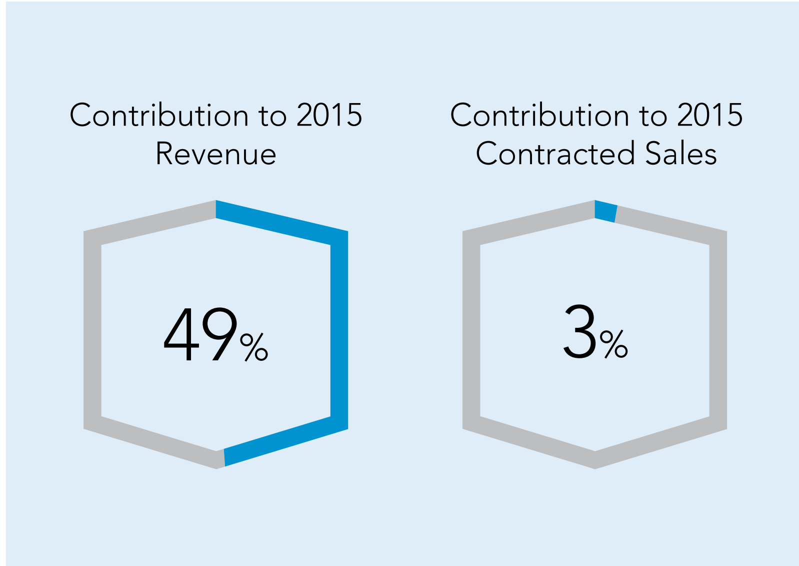
Launched in 2011, Westown Residences offers a premium range of homes, including townhouses, twin-houses, duplexes and apartments. The development marked SODIC's first move into this deeper segment of the market, highlighting our flexibility and capacity to adapt amidst changing market demands.

A fusion of the city's vibrant feel with the calm retreat of suburban living, Westown Residences is embellished with spacious gardens, parks and open green spaces. The development is also a short walk from Allegria, BISC, Forty West, The Polygon and the restaurants and cafes located in Westown Hub and The Strip.

Since its launch, 10 phases of Westown Residences have been sold, reflecting the strong success and demand for this project.

KEY FACTS & FIGURES

Gross Land	Number of Units	Phases Launched	Inventory Sold	Delivery Started
584 k sqm	1,391	100%	99%	2013



THE COURTYARDS WESTOWN

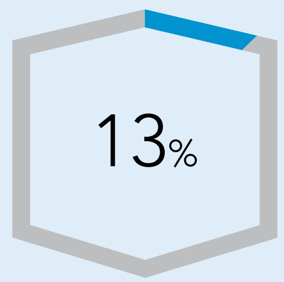
The Courtyards showcases homes designed by SODIC's very own in-house design team, making the living spaces one of a kind. Located in the heart of Westown and launched in 2014, the development offers a variety of apartments that each come with private gardens, and it also offers roof-top suites that overlook secluded courtyards.

The project marks our continued mission of developing family products in Westown, a feat that is bolstered and built upon the success of Westown Residences.

KEY FACTS & FIGURES

Gross Land	Number of Units	Phases Launched	Inventory Sold	Delivery Starting
237 k sqm	755	57%	80%	2017

Contribution to 2015 Contracted Sales



The Polygon

The first business park in Westown, The Polygon was designed by the multiple award-winning UK based architects, Wilkinson-Eyre, and includes 11 ‘Class A’ office buildings aimed at capturing the increasing demand for purpose-built office space in Cairo.

The development boasts over 90,000 sqm of state-of-the-art office spaces and enjoys a prime location in the heart of West Cairo. It is specifically designed to accommodate a myriad of both smaller and larger businesses that have the option of buying or renting from 67 sqm modules to full 9,000 sqm buildings.

The business park is within walking distance from Allegria, Forty West, BISC and Beverly Hills, and is close to the new Rod El Farag Mehwar, which will directly link Westown to Central Cairo. The development earned the award for best developer in the office / business category by Euromoney in 2014.

KEY FACTS & FIGURES

Gross Land	Number of Buildings	Phases Launched	Inventory Sold	Delivery Started
55 k sqm	11	100%	71%	2013

Contribution to 2015 Revenue

8%

Contribution to 2015 Contracted Sales

2%

WESTOWN HUB

Launched in May 2015, Westown Hub marks SODIC's first recurring revenue property. Designed by leading Egyptian architectural firm, Hassan Abu Seda, Westown Hub consists of five multi-level buildings that circle a central piazza, home to some of Cairo's finest restaurants and cafes. The pedestrian-friendly landscape that is surrounded by serene fountains and beautiful greenery promotes a unique retail and entertainment experience.

The development offers a variety of entertainment, including top brand retailers, small boutiques, vibrant nightspots and relaxing shaded courtyards, making Westown Hub an ideal destination for a small family retreat or friendly gathering. The project serves over 6,000 homes in SODIC West, positioning Westown Hub to be a coveted and popular destination in Westown Cairo.

KEY FACTS & FIGURES

Gross Land	Number of Units	Phases Launched	Occupancy Rate	Expected Lease Income*
50 k sqm	48	100%	55%	31 EGP mn

*Upon reaching full occupancy

The Strip

The Strip, a modern, streamlined and easily accessible commercial project, introduces a new shopping-mall concept to the Egyptian market. The mall is comprised of adjacent shops linked together by a walkway for the ease of customer mobility and is equipped with a parking lot that holds up to 700 vehicles. The Strip offers a relaxed and contemporary environment that features multiple shops, banks and eateries. The cocktail of mixed retail shops, personal services, restaurants and cafes, supermarkets, financial and courier services, and automotive showrooms and services offers a range of products in a circumscribed space that celebrates comfort and entertainment to the effect of creating a popular leisure space.

KEY FACTS & FIGURES

Gross Land	Number of Units	Phases Launched	Inventory Sold	Delivery Started
188 k sqm	134	56%	100%	2012

Contribution to 2015 Revenue	Contribution to 2015 Contracted Sales
4%	0.5%

KATTAMEYA PLAZA

Located only minutes away from the American University in Cairo (AUC), Kattameya Plaza raises the bar for contemporary apartment living in Egypt. Designed and master-planned by ArchGroup – the world-class firm behind the design of Grosvenor House in Dubai – and landscaped by Evergreen, Kattameya Plaza is the perfect place for those looking to strike the ideal balance between a healthy lifestyle and the comfort and security of a gated residential community, alongside the amenities of a flourishing suburb.

Amenities include 24/7 property management and security services, a convenience quarter housing a supermarket, a nursery, a gym, a pharmacy, laundry services, restaurants and cafés, three swimming pools (with one specifically designed for children), secure play areas for children, jogging paths, a multipurpose sports field and community areas.

KEY FACTS & FIGURES

Gross Land	Number of Units	Phases Launched	Inventory Sold	Delivery Started
126 k sqm	488	100%	100%	2013

Contribution to 2015 Revenue	Contribution to 2015 Contracted Sales
5%	0.5%

EASTOWN NEW CAIRO

Built on an 860,000 sqm landscape of stunning greenery, Eastown Residences is Eastown's gated residential neighbourhood that offers spacious apartments and duplexes. Since its launch in 2013, Eastown Residences has shown phenomenal success in terms of sales levels and price appreciation – a feat supported by the full sale of seven phases.

The development's prime location on Road 90 in New Cairo places it in close proximity to AUC and only a short drive away from Cairo International Airport. This location complements our strategy and future plans to build commercial and office spaces in the area, which will have a significant impact on our portfolio of properties and recurring income stream.

KEY FACTS & FIGURES

Gross Land
860
k sqm

Number of Units
2,486

Phases Launched
53%

Inventory Sold
90%

Delivery Started
2016



Contribution to 2015 Contracted Sales
23%





VILLETTE
NEW CAIRO

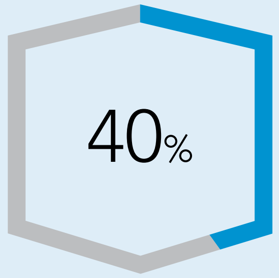
Villette New Cairo is SODIC's first single-family development in East Cairo. The project, strategically located at the center of New Cairo, was master-planned by the world-renowned American firm SWA and comprises several neighbourhoods constructed around a village center. It offers more than 2,000 units that range from standalone villas to apartment buildings.

Villette offers its residents all the benefits of a luxurious suburban development: outdoor space, activities and tranquillity, alongside a very socially engaging town center.

KEY FACTS & FIGURES

Gross Land	Number of Units	Phases Launched	Inventory Sold	Delivery Starting
1.26 mn sqm	2,124	36%	76%	2018

Contribution to 2015 Contracted Sales



La Plage de Caesar North Coast

Launched in 2015, Caesar marks SODIC's first secondary-home development on the Mediterranean North Coast. Built on 441,000 sqm, La Plage offers a community of homes built on terraced levels with unobstructed sea views and a beachfront that stretches over 1 km. Caesar is poised to become one of the most exclusive residential communities on the North Coast.

KEY FACTS & FIGURES

Gross Land	Number of Units	Phases Launched	Inventory Sold	Delivery Starting
441 k sqm	267	69%	87%	2018

Contribution to 2015 Contracted Sales

15%

UNDEVELOPED LAND BANK

34% West Cairo

4.1 mn sqm of undeveloped land

66% East Cairo

West Cairo

Al Yosr (Esplande West): This 1.26 million sqm plot is situated on the outskirts of West Cairo on the Cairo-Alexandria desert road. The Al Yosr land's allowable footprint has been increased to 7%, up from a previous 2%.

30 Acres - 6th of October: SODIC acquired a 126,000 sqm plot (30 acres) in the heart of the 6th of October city in September 2015 through an auction by the New Urban Communities Authority (NUCA). The land was purchased at 1,677 per sqm, payable to the government over four years.

The master plan for this new plot of land is pending approval, with sales expected to launch in the second half of 2016. The project will be comprised completely of apartments.

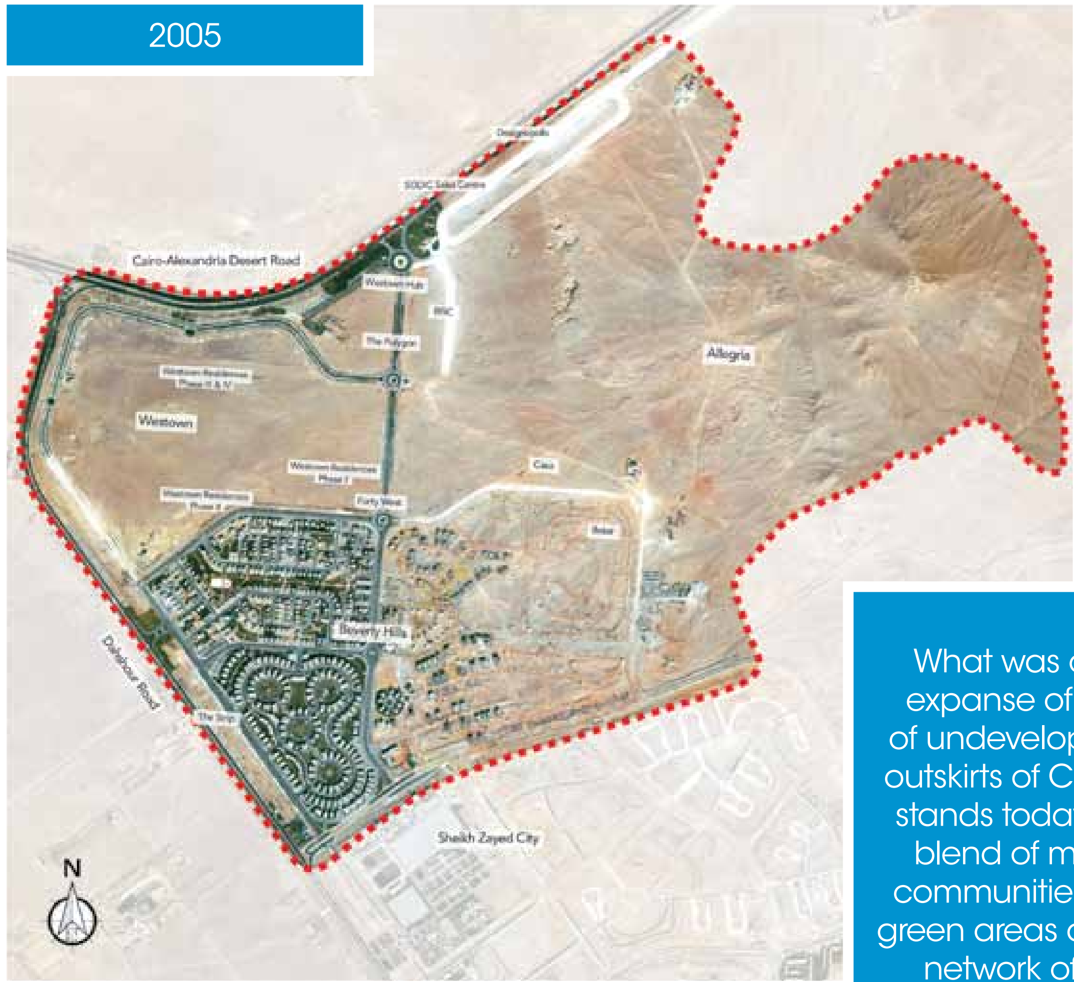
East Cairo

655 Acres - New Heliopolis: As the year closed, SODIC acquired a 2.75 million sqm plot (655 acres) in East Cairo by way of a co-development agreement with Heliopolis Housing and Development Company. The plot is strategically located in New Heliopolis off the Cairo-Suez Road and directly adjacent to Al Shorouk city, the natural extension to New Cairo, at the heart of East Cairo.

The co-development project is expected to house around 8,600 residential units in addition to commercial and retail properties. SODIC will be in charge of all internal infrastructure and construction works along with sales and marketing activities, and Heliopolis Housing will provide all external infrastructures to the land plot.

Total revenues for the development are estimated at c.EGP 30.35 billion, with SODIC entitled to 70% of residential revenues and 69.8% of retail and commercial revenues. The minimum guarantee has been estimated at c.EGP 5.01 billion, payable in unequal annual instalments throughout the project lifetime, which is expected to be around 10 years. The first phase of the project is earmarked for launch during the first quarter of 2017.

The award letter to co-develop the 655 acres was received in December 2015, and the final contract with Heliopolis Housing was signed in March 2016.



What was once an open expanse of 10 million sqm of undeveloped land on the outskirts of Cairo, SODIC West stands today as a dynamic blend of master-planned communities with sprawling green areas and an extensive network of services and amenities.

MANAGEMENT & GOVERNANCE

BOARD OF DIRECTORS

Hani Sarie El Din

Chairman (Non-Executive)

With over 25 years of experience in corporate banking and capital markets, Dr. Hani Sarie El Din is a prominent legal practitioner in Egypt and the Middle East. In addition to his private professional career, Dr. Sarie El Din has served in executive and non-executive public positions, including, Chairman of the Capital Market Authority, Board Member of the Central Bank of Egypt, General Authority for Investment and the first official US-Egyptian Fund to promote investment in Egypt.

Dr. Sarie El Din holds a Ph.D. in International Business Law from Queen Mary and Westfield College, University of London.

Magued Sherif

Board Member (Executive)

Magued Sherif is SODIC's Managing Director, appointed September 2015. Sherif enjoys almost 30 years of professional experience, including several leadership positions with prominent companies in the industry. Past positions include Egypt Country Head and Properties Chief Executive Officer at Majid Al Futtaim Properties Egypt as well as General Manager and Senior Vice President at Palm Hills Developments for a 10-year period starting from the company's inception. Sherif was also Chief Executive Officer and Managing Director at Hyde Park Properties for Development from 2012-2014.

Sherif was most recently the co-founder and managing director of The Venturers LLC in Orlando, Florida, as well as the co-founder of AA Investments LLC, Orlando. Earlier in his career, Sherif worked as the Head of Privatization Unit at Arthur Anderson, in addition to spending 7 years at Bechtel Egypt and Bechtel Limited. He began his career as a Site Engineer with Orascom Construction Industries in 1986.

Sherif holds a Bachelor's degree in Architecture from Cairo University, Egypt, in addition to an MBA from AUC.

Walid Abanamay

Board Member (Non-Executive)

Dr. Walid Sulaiman Abanamay has been the Managing Director of Al-Mareefa Al –Saudia Company since 1997. Prior to this, he served in the Treasury and Corporate Banking Departments of SAMBA Financial Group. Dr. Abanamay has been serving the Board of Directors of several listed companies, private equity and equity funds including, Joussour, Beltone Financial, UGIC, Mena Capital Fund and GB Auto. He also served in the Boards of SAFCO, Nasr City, Al-Inmaia, Al Raya Holdings and Al Masafi.

Dr. Abanamay holds a Bachelor of Science degree in Computer Science from Southern Illinois University, a Master's degree in Management Information Systems from the University of Illinois and a Ph.D. in Business Administration majoring in Finance from Southern Illinois University.

Sabah Barakat

Board Member (Non-Executive)

Sabah Taysir Barakat is the Vice President of Olayan Financing Company, based in Riyadh, and is responsible for overseeing a portfolio of wholly owned and joint venture companies in the fields of energy, construction and real estate development. From 2003-2008, Barakat was Vice President of Bechtel Group. From 1998-2003, Barakat was the Regional Vice President of National Grid Plc. From 1986-1998, Sabah worked for the Costain Group Plc., a leading international contracting firm, specializing in infrastructure, energy and building construction. Barakat graduated in 1986 with an Engineering degree from London University as a Chartered Engineer, and he was a member of the UK's Institute of Civil Engineers.

Barakat is also a member of the UK's Chartered Institute of Management.

Yezan Haddadin

Board Member (Non-Executive)

Throughout his career, Haddadin has developed an extensive experience across a range of industries and advised on approximately USD 100 billion in M&A transactions in North America, Latin America, Europe, the Middle East and Africa.

Yezan Haddadin is currently the Chief Investment Officer of the Capital Bank Group, a financial services group with operations in Jordan, Iraq and the UAE. Haddadin has over 15 years of investment and investment banking experience. In 2013, he co-founded HCH Partners, a private equity investment company focused on East Africa, where he currently serves on the Board and is a member of the investment committee. Prior to that, Haddadin acted as Advisor at Ripplewood Holdings LLC., following his post as Managing Director at Perella Weinberg in New York from 2007 to 2012 and his work with JPMorgan's M&A group in New York from 2000 to 2007.

Haddadin received a Bachelor of Science degree from Georgetown's School of Foreign Service and a Juris Doctor from Northwestern University School of Law.

Omar Elhamawy

Board Member (Executive)

Omar Elhamawy is the Chief Financial Officer of SODIC. Since joining SODIC in May 2013, Elhamawy has overseen the successful completion of SODIC's EGP 1 billion capital increase as well as the signing of several medium-term debt facilities.

Prior to joining SODIC, Elhamawy spent eight years as a Director within Beltone's Investment Banking Division, where he highly focused on the real estate sector through his close involvement in both M&A and Capital Market transactions. His most notable transactions include advising Mena for Touristic and Real Estate Investments on a capital increase, advising Beltone Private Equity on the tender offer and acquisition of Nasr City Housing and Development and advising Amer Group on its IPO, among many others.

Elhamawy holds a Bachelor's degree of Business Administration from AUC and is a CFA Charterholder.

BOARD OF DIRECTORS (CONTINUED)

Shehab Elorabi

Board Member (Executive)

Shehab Elorabi is SODIC's Chief Technical officer. With over 25 years of experience in the fields of construction and real estate development in the USA, UAE and Egypt, Elorabi joined SODIC in 2009 as Executive Director of Project Controls. Prior to joining SODIC, Elorabi spent 5 years of his professional life in Dubai where he held the position of Senior Development Manager at real estate developer, Nakheel Co. LLC, following his post as Projects Control Manager at Hill International Project Management Firm. His experience in Egypt prior to that included time spent with Turner International and International Bechtel Inc. Elorabi started his career with Bechtel Corporation in the USA as Project Controls Engineer, where he spent the first six years of his professional career.

Elorabi has an MBA from Golden Gate University in San Francisco, and a Bachelor of Science degree in Industrial Engineering/Operations Research from the University of California, Berkeley.

Omar Salah Bassiouny

Board Member (Non-Executive)

Omar S. Bassiouny is the co-founder and Executive Partner of Matouk Bassiouny and the head of the company's Corporate and M&A group. Bassiouny has a strong track record in the areas of corporate law and mergers and acquisitions, most recently representing Emirates NBD on the acquisition of BNP Paribas S.A.E. and representing Abraaj in the acquisition of Al Mokhtabar in 2012. Bassiouny is a prominent member of several chambers of commerce and business associations, including the American Chamber of Commerce, the Egyptian Malaysian Business Council and the British Egyptian Business Association.

Bassiouny's achievements have been recognized with numerous awards such as Leading Lawyer in M&As in Egypt in 2014 by IFLR 1000 and Leading Lawyer in Egypt in 2013 by Chambers & Partners.

Bassiouny received a Bachelor's degree in Public and International Law from AUC and a Licence en Droit from the faculty of Law at Cairo University.

Hussein Choucri

Board Member (Non-Executive)

Hussein Choucri is the Chairman and Managing Director of HC Securities & Investment. Choucri is also a Board Member of the Holding Company for Tourism and Cinema (HOTAC), Edita Food Industries, Integrated Diagnostics Holdings (IDH), and the Egyptian British Business Council (EBBC). In addition, Choucri is the Chairman of the Board of Trustees of Shefaa Charity Foundation.

Choucri held the position of Managing Director at Morgan Stanley, New York from 1987 to 1993, before serving as an Advisory Director until December 2007 where he was responsible for business activities in the emerging markets of the Middle East and the Indian Subcontinent as well as taking part in a number of privatization projects in Turkey, India and Argentina. Prior to joining Morgan Stanley, Choucri worked with Abu Dhabi Investment Company and participated in arranging several Euroloan and Eurobond financings for sovereigns and private sector companies. Choukri received a Management Diploma from the American University in Cairo and a B.A. from the Faculty of Commerce, Ain Shams University.

Hisham El-Khazindar

Board Member (Non-Executive)

Hisham El-Khazindar is the Managing Director and Co-Founder of Qalaa Holdings. El-Khazindar also serves on the board of several leading regional companies, including El Sewedy Electric and Magrabi Retail, and on the Advisory Committee of the Emerging Markets Private Equity Association. He also serves as a Trustee of AUC, a Trustee of the Cairo Children's Cancer Hospital and as a Fellow of the Aspen Institute's Middle East Leadership Initiative. Prior to co-founding Qalaa Holdings in 2004, El-Khazindar held the position of Executive Director of Investment Banking at EFG Hermes where he advised on landmark M&A and IPO transactions in the region. During the period 1999-2000, El-Khazindar was on secondment to Goldman Sachs in London.

El-Khazindar holds a Bachelor's degree in Economics from AUC and an MBA from Harvard Business School.

EXECUTIVE MANAGEMENT

Magued Sherif

Managing Director

See page 66 for biography.

Shehab Elorabi

Chief Technical Officer

See page 68 for biography.

Omar Elhamawy

Chief Financial Officer

See page 67 for biography.

Hatem ELHalwagy

Chief Projects Director

Hatem ElHalwagy is the Chief Projects Officer of SODIC. ElHalwagy joined SODIC in 2006. Since then, he has been entrusted with managing several of the core departments during different periods. He has also established and set up several support departments aimed at aligning the company's direction with its mission, including the departments' recruitment, policies, procedures and systems before handing them over to their selected Directors.

His previous experience includes holding the post of Director of Development for Orascom Tourism and Development and Cairo Financial Center, as well as managing two telecommunication companies.

ElHalwagy holds a Master's degree in Finance from the University of Reading, UK, and a Bachelors' degree in Construction Engineering from AUC.

Ahmed Labib

Chief Commercial Officer

Ahmed Labib is the Chief Commercial Officer of SODIC. Labib is responsible for setting and achieving company-wide commercial objectives, as well as setting and overseeing the execution of SODIC's marketing strategy. In his capacity, Labib collaborates with the development team, heavily contributing to the creation, positioning and pricing of SODIC's products. Labib joined SODIC in 2007 as a Sales Manager whose success quickly earned him the title of Sales Director and later Executive Sales Director. His previous experience includes working in the Marketing Department at McDonald's and spending seven years in the Marketing and Consumer Relations Platform at British American Tobacco (BAT) where he held various positions, the last of which was Multiple Category Brand Manager.

In addition to his professional experience, Labib co-founded several successful ventures in the entertainment industry. Labib holds a Bachelor's degree in Psychology with a minor in Mass Communication from AUC.

Hazem El Tawil

Chief Planning and Compliance Officer

Hazem El-Tawil is SODIC's Chief Planning and Compliance Officer. He is responsible for the planning, technical monitoring and compliance of SODIC's future, current and delivered projects. In his capacity, El Tawil creates risk-based compliance formulas and protocols for the follow-up and tracking of projects' progress from different aspects. El Tawil joined SODIC in 1998 as Director of Design and Technical Affairs where he oversaw the creation and the direction of the design process for a number of SODIC's projects. Prior to joining SODIC, El Tawil worked for the Architecture/Engineering firms of Dewberry and Davis in Raleigh, NC and Skidmore, Owings and Merrill in Chicago, USA for a period of 5 years and later returned to Egypt to join Dar Al-Handasah.

El Tawil holds a Bachelor's of Architectural Engineering degree from Cairo University, as well as a Master's of Architecture in Urban Design degree from North Carolina State University, NC, USA.

Mohamed El Garhy

Chief Development Officer

Eng. Mohamed El Garhy is SODIC's Chief Development Officer, appointed December 2015. El Garhy has 30 years of international experience in real estate, mixed use development and project management, during which he held several senior executive positions within prestigious real estate investment companies and hospitality groups. El Garhy excelled in managing mega projects for the likes of Palm Hills Development, The Egypt Emirates Malls Group, Accor Group and Dar Al Handasah.

Prior to joining SODIC, El Garhy worked as the CTO for Katara Hospitality, managing large portfolios of mixed use multi-billion development projects, where he put his global expertise into use in the development and launch of several market leading properties in Europe, Middle East, Asia and Africa.

Mohamed holds a degree in architecture from the Faculty of Fine Arts, Helwan University, and he has won numerous awards for special merits throughout his expansive career.

Sherif El-Abd

Chief Business Development and Government Relations Officer

Sherif El-Abd is SODIC's Chief Business Development and Government Relations Officer. El-Abd brings over 20 years of diversified experience, where he has contributed to the growth of all business he was part of through developing and managing business strategies as well as incubating new business models as a tool for successful turnarounds.

His previous experience includes numerous positions held throughout his 11-year tenure with Coca-Cola Atlantic Industries, punctuating his time there as Senior General Manager. He spent time at Kalioub Plant (TCCBCE), Americana Group and Almatex.

Hisham Salah

Chief Information Officer*

Hisham Salah is the Chief Information Officer of SODIC. Salah has 25 years of professional experience in the areas of information technology and corporate systems, including founding the first in-house residential fiber-to-the-home project in Egypt in 2009.

Salah's previous experience includes serving for eight years as Vice President of Technology at Palm Hills Developments, in addition to spending seven years with Microsoft as the Head of Communications sector and later the Head of Government sector in Egypt, where he was responsible for sales and key strategic initiatives supporting the company's growth. Before joining Microsoft, he contributed in establishing the Commercial International Life Insurance Company (CIL) as Head of Information Technology.

Salah began his career in Commercial International Bank (CIB), where he held various positions in Information Technology and Operations. Salah holds a Master of Science degree in Information Technology from Middlesex University in London.

*Hisham Salah joined SODIC as CIO in March 2016.

CORPORATE GOVERNANCE

SODIC'S SUCCESS IS OWED TO A COMBINATION OF HARD WORK, DEDICATION, DILIGENCE AND A STRICT ADHERENCE TO SOUND PRINCIPLES OF CORPORATE GOVERNANCE, HIGH ETHICAL CONDUCT AND GOOD CORPORATE CITIZENSHIP. WE FIRMLY BELIEVE THESE THREE PRINCIPLES ALONGSIDE TRUST, TRANSPARENCY AND OPEN COMMUNICATION SERVE AS THE MAIN PROPELLANTS THAT DRIVE OUR PERFORMANCE AS A COMPANY, AND THAT ENHANCE SHAREHOLDER VALUE.

Disclosure & Transparency

SODIC, as a listed company, is bound by the disclosure rules and new listing rules set by the EGX and approved by the Egyptian Financial Supervisory Authority. Accordingly, we are in compliance with the corporate governance, financial reporting and disclosure provisions of the rules.

SODIC reports all its financials on a quarterly basis, and announces all major news and developments regarding the company's operations in a clear, coherent and timely basis. All material matters concerning the corporation, including company objectives, financial and operational results, major share ownership and voting rights, information about Board members, related party transactions and governance structures, and policies are expressed and conducted with complete transparency.

Shareholder Engagement

In keeping with our belief of open and transparent communication, SODIC runs an active investor relations program. Communication with investors and analysts is an ongoing practice throughout the year and includes regular scheduled Investor Relations events, one-to-one and group meetings with the Executive Directors and tours of our properties, as well as routine contact with the Investor Relations department.

In 2015, our Managing Director, CFO, and Investor Relations team held over 200 meetings with representatives from each of our institutional investors. Such interaction is a testament to our desire to build a strong reciprocity of dialogue between the company and our shareholders.

This year, SODIC has participated in 8 investor conferences and roadshows spread across Egypt, Europe, the US, the Middle East and Africa, cementing stable communication with our global net of investors.

In addition to such initiatives, The Executive Board members attend the Annual General Meeting, which is an opportunity for all shareholders to engage in direct communication with the Directors on a one-to-one basis.

Materials, including investor presentations, our financial results and information on the work of the board and its committees can be downloaded at ir.sodic.com.

The Board

Under both Egyptian company law and SODIC's articles of association, the board has ultimate responsibility for all decisions concerning the company's business strategy and management.

Comprised of the Chairman (non-executive), the Managing Director, two further Executive Directors and six Non-Executive Directors, the board delegates certain responsibilities to Board Committees and Management Committees.

Defined terms of reference for Board Committees, formal documentation of powers delegated to Executive Directors and clear reporting lines ensure that the Board receives all relevant information about the business and that decisions are made by people at the right levels and who have the authority to do so.

The Board convened a total of 15 times in 2015, either in person or via telephone or videoconferencing.

The Audit Committee

The Audit Committee's responsibilities include oversight of financial and narrative reporting, internal control, risk management systems and internal and external audit processes.

The committee consists of independent Non-Executive Directors Dr. Hani Sarie El Din (Committee Chairman), Mr. Hussein Choucri, Mr. Yezan Haddadin and Mr. Hossam Helal.

The committee convened a total of 4 times in 2015.

The Compensation Committee

The committee recommends and agrees with the Board on the framework or broad policies for the remuneration of the executive directors and executive management. It determines targets for any performance-related pay schemes seeking shareholder approval for long-term incentive arrangements.

In addition to this, the committee also determines the remuneration package for the Managing Director.

The committee consists of Non-Executive Directors Dr. Hani Sarie El Din (Committee Chairman), Dr. Walid Abanumay, Mr. Sabah Barakat, Mr. Yezzan Haddadin and Mr. Hisham El-Khazindar.

A DIVERSE SHAREHOLDER BASE

Headquartered in Cairo, SODIC is one of the few non-family owned companies traded on the EGX, with a strong corporate governance framework.

SODIC enjoys a broad shareholder base with a strong institutional backing and is a component of the EGX 30 and EGX 100 indices.

Share Information

Our shares are listed on the Egyptian Exchange since 1998 under the ticker OCDI.

Share listing: Cairo Egypt
ISIN Code: EGS65851C015
Currency: EGP
No. of Shares Outstanding: 338,909,573

Symbol:
EGX: OCDI.CA
Reuters: OCDI.CA
Bloomberg: OCDA.EY

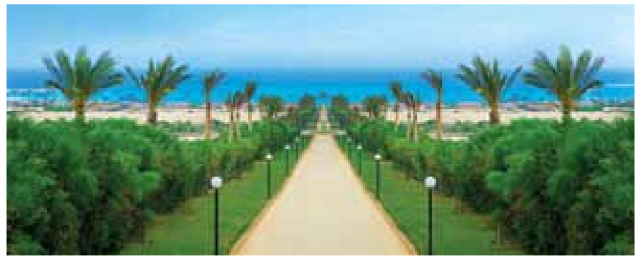
Egypt	37%
Saudi Arabia	35%
UK	13%
Norway	4%
UAE	4%
USA	4%
Kuwait	1%
Others	3%

Institutional	74%
Retail	26%

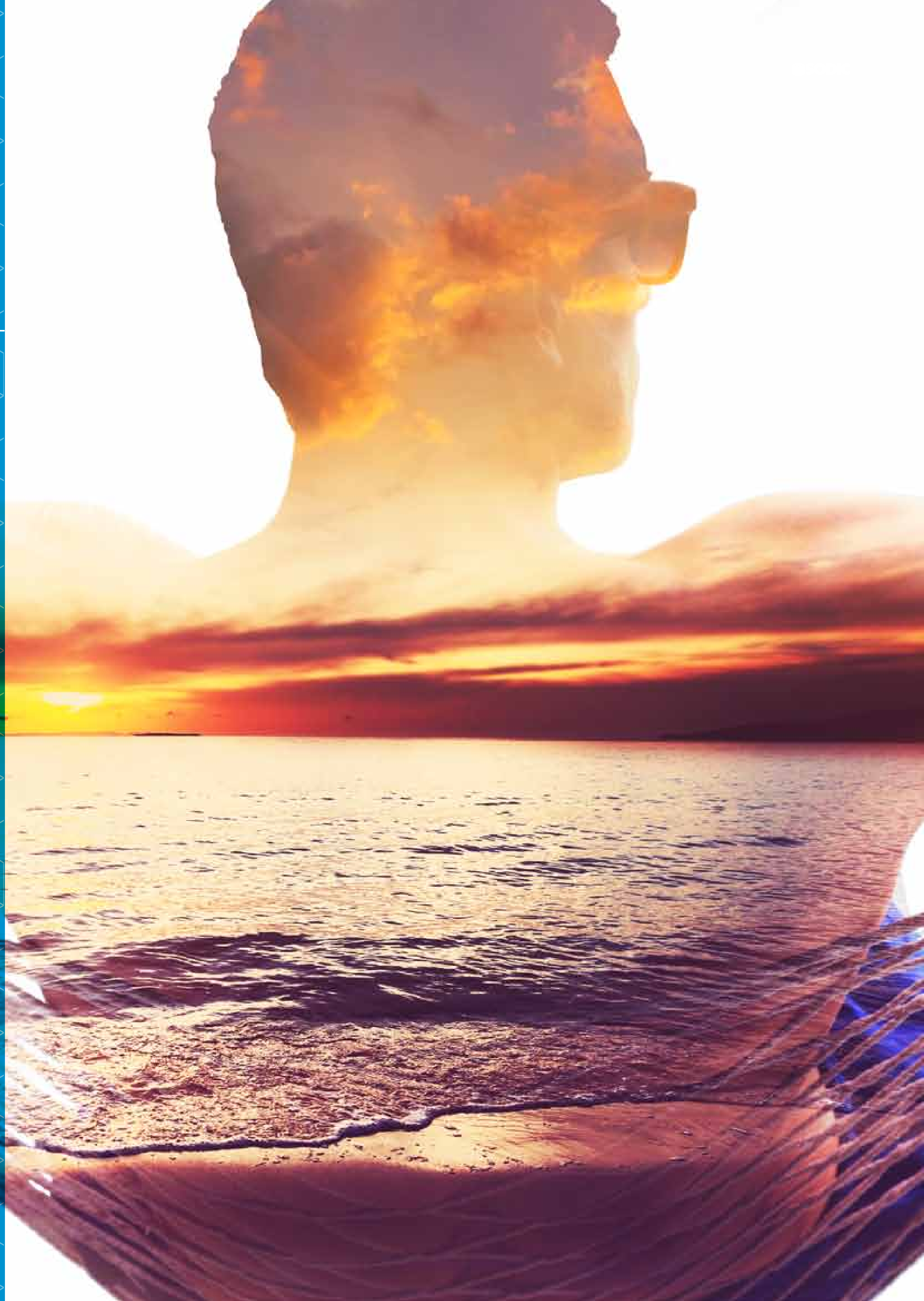
Abanumay Family	13%
Olayan Saudi Investment Company	13%
Ripplewood Advisors	9%
Rashed Al Rashed & Sons Co.	5%
EFG Hermes	4%
Norges Bank	4%
Juma Al Majid Investments	3%
Abdel Monem Rashed Abdel Rahman Al Rashed	3%
Others	46%








CONSOLIDATED FINANCIAL STATEMENTS



AUDITOR'S REPORT

To the Shareholders of Sixth of October for Development and Investment Company "SODIC"

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" S.A.E, which comprise the consolidated balance sheet as at December 31, 2015, and the consolidated statements of 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 Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management 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 the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 Sixth of October for Development and Investment Company "SODIC" as of December 31, 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Report of other legal and organizing requirements:

The financial information in the board of directors' report which is prepared according to the requirements of law no. 159 for the year 1981 and its implementing regulation agrees with the company's books according to the limits of this information in books.

KPMG Hazem Hassan

Cairo, March 16, 2016

CONSOLIDATED BALANCE SHEET

As at December 31, 2015

	Note No.	31/12/2015 L.E	31/12/2014 L.E
Long – term assets			
Fixed assets (Net)	(6)	135,868,140	115,286,494
Projects under construction	(7)	7,790,299	11,408,573
Biological Assets under construction	(8)	5,884,706	4,838,507
Investements in associates and joint ventures	(9)	-	-
Investments – available for sale	(10)	4,250,000	4,250,000
Investment properties (Net)	(11)	111,347,976	17,952,289
Trade, notes receivables and debtors (Net)	(12)	4,657,536,773	3,318,910,585
Total long – term assets		**4,922,677,894**	**3,472,646,448**
Current assets			
Other assets (Net)	(14)	8,839,274	4,505,289
Completed units ready for sale	(15)	8,278,559	15,486,539
Works in process	(16)	7,035,868,781	6,239,706,098
Trade and notes receivable (Net)	(17)	2,228,734,891	1,540,039,286
Debtors and other debit balances (Net)	(18)	537,376,140	327,225,601
Loans to Joint Ventures	(19)	-	-
Investments in treasury bills	(20)	49,774,513	28,623,232
Cash at banks and on hand	(21)	1,966,531,631	2,076,334,737
Total current assets		**11,835,403,789**	**10,231,920,782**
Current liabilities			
Provision for completion	(22)	64,945,785	68,382,052
Provisions	(23)	6,057,239	8,425,682
Bank – overdraft		-	1,373,763
Bank – credit facilities	(24)	50,027,276	158,845,076
Loans – Short term	(36)	123,335,275	78,117,009
Advances – from customers	(25)	8,914,324,535	6,096,915,049
Contractors, suppliers and notes payable	(26)	842,833,944	723,600,322
Creditors and other credit balances	(27)	923,278,621	594,964,708
Total current liabilities		**10,924,802,675**	**7,730,623,661**
Working capital		**910,601,114**	**2,501,297,121**
Total investments		**5,833,279,008**	**5,973,943,569**
These investments are financed as follows:			
Equity			
Issued & paid in capital	(29)	1,355,638,292	1,355,638,292
Legal reserve	(30)	184,428,817	181,352,693
Special reserve – share premium	(31)	1,357,933,479	1,338,296,569
Retained earnings / Carried forward losses		92,850,081	(39,372,259)
Treasury shares	(32)	(10,162,833)	-
Profit from sale of treasury shares	(33)	3,692,867	3,692,867
Shares kept for incentive & bonus plan	(34)	-	(8,012,833)
Set aside amount for incentive & bonus plan	(35)	-	20,004,359
Net profit for the year		310,707,489	142,443,522
Total equity attributable to the Company		**3,295,088,192**	**2,994,043,210**
Non controlling interest	(28)	90,892,998	94,430,992
Total equity		**3,385,981,190**	**3,088,474,202**
Long-term liabilities			
Loans – long term	(36)	996,163,619	961,037,423
Notes payable – long term	(37)	1,450,310,827	1,921,001,002
Deferred tax liabilities	(13)	823,372	3,430,942
Total long-term liabilities		**2,447,297,818**	**2,885,469,367**
Total equity and long – term liabilities		**5,833,279,008**	**5,973,943,569**

The accompanying notes from (1) to (53) are an integral part of these consolidated financial statements and to be read therewith.

Financial & Administration Executive Director	Chief Financial Officer	Managing Director	Chairman
Hany Henry	Omar Elhamawy	Magued Sherif	Hani Sarie El Din

CONSOLIDATED INCOME STATEMENT

For The Financial Year Ended December 31, 2015

	Note No.	2015 L.E	2014 L.E
Sales of real estate and lands	(38)	1,401,379,964	1,310,305,053
Service revenues of Beverly Hills City		26,312,532	25,869,264
Service revenues of Sodic West		34,923,618	21,850,570
Revenues from golf course		8,276,632	7,731,999
Total operation revenues		**1,470,892,746**	**1,365,756,886**
Cost of sales of real estate and lands	(39)	(789,448,230)	(830,060,930)
Service costs of Beverly Hills City		(29,478,521)	(29,403,501)
Service costs of Sodic West		(26,888,819)	(17,351,221)
Cost of golf course		(16,126,262)	(14,175,074)
Total operation costs		**(861,941,832)**	**(890,990,726)**
Gross profit		**608,950,914**	**474,766,160**
Other operating revenues	(40)	139,435,088	105,638,090
Selling and marketing expenses	(41)	(116,773,850)	(106,810,462)
General and administrative expenses	(42)	(189,220,890)	(181,961,398)
Other operating expenses	(43)	(61,512,345)	(61,170,078)
Operating profit		**380,878,917**	**230,462,312**
Finance income	(44)	128,946,296	55,593,599
Finance cost	(45)	(91,801,129)	(85,742,078)
Net finance income / (Cost)		**37,145,167**	**(30,148,479)**
Net profit for the year before income tax		**418,024,084**	**200,313,833**
Income tax expense	(46)	(96,692,718)	(45,974,313)
Net profit for the year		**321,331,366**	**154,339,520**
Share of the holding Company		310,707,489	142,443,522
Non controlling interest share in profits of subsidiaries		10,623,877	11,895,998
Net profit for the year		**321,331,366**	**154,339,520**
Earnings per share (L.E / Share)	(47)	**0.92**	**1.32**

The accompanying notes from (1) to (53) are an integral part of these consolidated financial statements and to be read therewith.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended December 31, 2015

	Issued and paid in capital L.E	Legal reserve L.E	Special reserve- share premium L.E	Treasury shares L.E	Profit from selling of treasury share L.E	Shares kept for bonus and incentive plan L.E	Set aside amount for bonus and incentive plan L.E	Retained earnings Carried forward losses L.E	Net profit for the year L.E	Equity attributable to the Company L.E	Non-controlling interest L.E	Total equity L.E
Balance as at January 1 2014	**362,705,392**	**181,352,693**	**1,316,921,569**	**-**	**3,692,867**	**(80,007,242)**	**25,323,711**	**407,765,882**	**(447 138 141)**	**1,770,616,731**	**80,030,306**	**1,850,647 037**
Amount transferred to retained earnings	-	-	-	-	-	-	-	(447,138,141)	447 138 141	-	-	-
Capital increase	992,932,900	-	-	-	-	-	-	-	-	992,932,900	-	992,932,900
Executed bonus and incentive plan	-	-	21,375,000	-	-	72,000,000	-	-	-	93,375,000	-	93,375,000
Treasury shares acquired through subsidiaries	-	-	-	-	-	(5,591)	-	-	-	(5,591)	-	(5,591)
Amortized of Set a side of incentive and bonus plan	-	-	-	-	-	-	(5,319,352)	-	-	(5,319,352)	-	(5,319,352)
Elimination of Non-controlling interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	2,504,688	2 504 688
Net profit for the year	-	-	-	-	-	-	-	-	142,443,522	142,443,522	11,895,998	154,339,520
Balance as at December 31, 2014	**1,355,638,292**	**181,352,693**	**1,338,296,569**	**-**	**3,692,867**	**(8,012,833)**	**20,004,359**	**(39,372,259)**	**142,443,522**	**2,994,043,210**	**94,430,992**	**3,088,474,202**
Amount transferred to retained earnings	-	-	-	-	-	-	-	142,443,522	(142,443,522)	-	-	-
Amount transferred to legal reserve	-	3,076,124	-	-	-	-	-	(3,076,124)	-	-	-	-
Interim dividends for employees in subsidiaries	-	-	-	-	-	-	-	(1,306,929)	-	(1,306,929)	-	(1,306,929)
purchasing of non controlling rights	-	-	-	-	-	-	-	(5,838,129)	-	(5,838,129)	(14,161,871)	(20,000,000)
Transferred to special reserve - share premium	-	-	17,486,910	-	-	-	(17,486,910)	-	-	-	-	-
Transferred to Income statement	-	-	-	-	-	-	(2,517,449)	-	-	(2,517,449)	-	(2,517,449)
Transferred to treasury shares	-	-	2,150,000	(10,162,833)	-	8,012,833	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	-	310,707,489	310,707,489	10,623,877	321,331,366
Balance as at December 31, 2015	**1,355,638,292**	**184,428,817**	**1,357,933,479**	**(10,162,833)**	**3,692,867**	**-**	**-**	**92,850,081**	**310,707,489**	**3,295,088,192**	**90,892,998**	**3,385,981,190**

The accompanying notes from (1) to (53) are an integral part of these consolidated financial statements and to be read therewith.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended December 31, 2015

	Note No.	2015 L.E	2014 L.E
Cash flows from operating activities			
Net profit for the year before income tax		418,024,084	200,313,833
Adjustments :-			
Depreciation of fixed assets and rented units	(11), (6)	26,834,458	16,377,158
Capital gains	(40)	(6,116,169)	(2,712,095)
Impairment loss of debtors, trade receivables & loans to joint ventures	(43)	3,289,828	7,223,157
Reversal of impairment loss of trade and notes receivables		-	(16,697)
Credit interest transferred from set aside for bonus & incentive plane		(517,449)	-
Return on investments in treasury bills	(44)	(48,743,435)	-
Provisions formed	(23), (22)	63,983,491	38,541,978
Provisions no longer required		(191,524)	-
Impairment losses	(43)	30,000,000	-
Share based payment	(53), (42)	(2,000,000)	-
Operating profit before changes in working capital items		**484,563,284**	**259,727,334**
Changes in working capital items			
Change in other assets		(4,333,985)	(362,126)
Change in finished units available for sale		7,207,980	15,992,217
Change in works in process		(891,560,295)	(1,397,024,127)
Change in investment properties		-	(726,080)
Change in constructions under process		-	973,274
Change in trade and notes receivables		(2,027,321,793)	(1,255,361,209)
Change in Amount due from customers-construction		-	1,069,820
Change in debtors and other debit balances		(213,308,843)	8,067,761
Provisions used	(23), (22)	(69,728,201)	(58,781,389)
Change in advances from customers		2,817,409,486	1,802,659,368
Change in Due from customers - constructions		-	(2,729,533)
Change in contractors, suppliers and notes payable		(351,456,553)	534,230,656
Change in creditors and other credit balances		234,463,640	(137,237,419)
Restricted cash		(4,503,766)	(250,000,000)
Net cash (used in) operating activities		**(18,569,046)**	**(479,501,453)**
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction and biological assets		(73,496,259)	(9,355,888)
Payments for Investments in treasury bills		(1,844,021,161)	(4,673,496)
Proceeds from sale of Investments in treasury bills		1,871,613,315	
Payments for acquiring additional shares in subsidiaries	(28)	(20,000,000)	
Proceeds from sale of fixed assets		13,380	2,723,187
Net cash (used in) investing activities		**(65,890,725)**	**(11,306,197)**
Cash flows from financing activities			
Capital increase		-	992,932,900
Bank - credit facilities		(108,817,800)	51,726,763
Banks -loans		80,344,462	727,421,699
Shares kept for bonus and incentive plan and other equity		-	88,050,057
Non-controlling interest		-	2,504,688
Net cash (used in) provided from financing activities		**(28,473,338)**	**1,862,636,107**
Net change in cash and cash equivalents during the year		(112,933,109)	1,371,828,457
Cash and cash equivalents as at the beginning of the year		1,774,960,974	403,132,517
Cash and cash equivalents as at the end of the year	**(21)**	**1,662,027,865**	**1,774,960,974**

The accompanying notes from (1) to (53) are an integral part of these consolidated financial statements and to be read therewith.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial Year ended December 31, 2015

1. Background and activities

1.1 Sixth of October for Development and Investment Company "SODIC" (the Company) – An Egyptian Joint Stock Company – was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy and International Cooperation No. 322 of 1996 issued on May 12, 1996. The Company was registered in Giza Governorate Commercial Registry under No. 625 on May 25, 1996.

1.2 The Company's purpose is represented in the following:

- Land acquisition and the subsequent sale/lease to clients after connecting the relevant infrastructure.
- Operating in the field of construction, integrated construction and supplementary works.
- Planning, dividing and preparing lands for building and construction according to modern building techniques.
- Building, selling and leasing all various types of real estate.
- Developing and reclaiming land in the new urban communities.
- Operating in the field of tourism development and tourism related establishments including, building, managing, selling or utilizing hotels, motels and tourist villages in accordance with applicable Egyptian laws and regulations.
- Building, managing, selling and leasing –residential, service, commercial, industrial and tourism projects.
- Importing and operating as trade agents within the allowable limits of the Company's purpose (not with the purpose of trading)
- Financial leasing in accordance with Law No. 95 of 1995.
- Working in all fields of information technology and systems, hardware and software (computer software and services).
- Operating in fields of communication systems, internet, space stations and transmission except for the field of satellites.
- Investing in the various activities related to petroleum, gas and petrochemicals.
- Operating in the field of coordinating and planting gardens, roads and squares and also providing security, stewardship, maintenance and cleaning services.
- Operating in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.
- In addition, the Company may have interest or participate in any manner with companies or others that share similar activities or which may assist it to achieve its purposes in Egypt or abroad.
- Also the Company is entitled to merge into or acquire the aforementioned companies or make them subsidiaries in accordance with the provisions of law and its executive regulations.

1.3 The Company's duration is 50 years starting from the date of registration in the Commercial Registry.

1.4 The Parent Company is listed on the Egyptian Exchange.

1.5 The consolidated financial statements of Sixth of October for Development & Investment Company "SODIC" (the Parent Company) for the financial period ended December 31, 2015 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in the profit and loss of associates.

The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Dr. Hany Sarie El Din is the Chairman for the Parent Company and Mr. Magued Sherif, is a Board Member and the Managing Director of the Parent Company.

2. Basis of preparation of the interim consolidated financial statements

2.1. Statement of compliance

- These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The financial statements have been authorized by Company's Board of Directors as March15,2016.

2.2. Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following:

- Financial assets and liabilities recognized at fair values through profits and losses are measured at fair value.
- Held for trading investments are measured at fair value.
- Available for sale investments, which have market values are measured at fair value.
- Assets and liabilities for Subsidiaries under liquidation are measured at fair value.

2.3. Functional and presentation currency

The consolidated financial statements are presented in Egyptian Pound, which is the Group's functional currency.

2.4. Use of estimates and judgments

- The preparation of the consolidated financial statements in conformity 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 that are readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the most important items for which estimates and judgments are used:

- Provisions for expected claims
- Useful lives for fixed assets
- Deferred taxes
- Accruals
- Provision for completion
- Valuation of investment properties
- Impairment of fixed assets.
- Impairment of inventory
- Impairment of debtors and other debit balances

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

3.1. Basis of consolidation

3.1.1 Subsidiaries

- The consolidated financial statements include all subsidiaries controlled by the Parent Company and which the management intends to continue to control. Control exists when the Group has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. Such control exists by owning more than 50% of the investees' voting rights. In assessing control, potential voting rights that presently are exercisable are taken into account.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Intergroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intergroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Intergroup losses may indicate an impairment that requires recognition in the consolidated financial statements.
- EAS (24) Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intergroup transactions.
- Non-controlling interests shall be presented in the consolidated balance sheet within equity, separately from the Parent shareholder's equity. Non-controlling interests in the profit or loss of the group are separately disclosed.

Subsidiaries are represented in the following:-

Subsidiary name	Country of Incorporation	Ownership As at 31/12/2015 %	Ownership As at 31/12/2014 %
1- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
2- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (A)	Egypt	46.75	58.59
3- SODIC Garden City for Development and Investment Co. S.A.E	Egypt	50	50
4- El Yosr for Projects and Agriculture Development Co. - S.A.E	Egypt	99.99	99.99
5- SODIC for Development and Real Estate Investment Co. – S.A.E	Egypt	99.99	99.99
6- SODIC SIAC for Real Estate Investment Co. - S.A.E (B)	Egypt	100	86.67
7- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
8- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
9- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
10- Tegara for Trading Centers Co. S.A.E	Egypt	95.24	97.50
11- Edara for Services of Cities and Resorts Co. –S.A.E	Egypt	99.97	99.97
12- Soreal for Real Estate Investment	Egypt	99.99	-
13- SODIC for Securitization	Egypt	99.99	-
14- SODIC Syria L.L.C (C)	Syria	100	100
15- Tabrook Development Company (D)	Egypt	100	-

A. The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 51.8%, which includes 5.05% transitory shares currently in the name of the Company. The title of these shares will be transferred to the ultimate shareholders (Owners of Beverly Hills Project units).
B. During the year the company purchased additional shares (13.33%) in (SODIC SIAC for Real Estate previously) (note 28).
C. On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a 50% stake of the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company registered and operating in Syria.
D. During March, 2015, the company acquired all the shares of Tabrook Development Company.

3.1.2 Associates

Associates are those entities in which the Group has significant influence, but not a control, over the financial and operating policies. Such influence is presumed to exist when the group holds between 20% and 50% of the voting rights of the investee.

Investments in associates are recorded using the equity method. Under this method the investment in associates is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the associate after the date of acquisition. Dividends received from associates reduce the carrying amount of the investment.

Losses of an associate in excess of the Company's interest in that associate are not recognized, unless the Company has incurred legal or constructive obligation or made payments on behalf of the associate.

If the acquisition cost exceeds the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate, the excess is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

3.1.3 Jointly controlled entities

Joint ventures are entities in which the Group has joint control over the activities and are established by contractual agreement requiring unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method in accordance with the allowed alternative treatment according to EAS (27) to allow the

users of the financial statements to compare the financial statements of a number of periods of the entity and to identify the trends of its financial position and its financial performance and its cash flows. The investment is recognized using the equity method with the same fundamentals described in item 3.1.2 of accounting policies.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated to Egyptian Pounds at the foreign exchange rate in effect at that date. Foreign exchange differences arising on translation are recognized in the consolidated income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of the transaction.

Financial statements of foreign operations

Foreign operation's financial statements maintained in foreign currencies are translated to Egyptian pounds. Assets and liabilities of those operations are translated at foreign exchange rates prevailing at the consolidated balance sheet date. Revenues and expenses are translated at the average exchange rate used during the period/year. Equity items are translated using the historical exchange rate at the date of acquisition or incorporating the foreign operations. Foreign exchange differences arising from translation are recognized directly in a separate component of equity in the consolidated balance sheet under "Accumulated differences from foreign currency transactions".

3. 3 Fixed assets and depreciation

a. Recognition and measurement

Fixed assets that are used in production, providing goods and services or for administrative purposes are stated at historical cost less accumulated depreciation and cumulative impairment losses resulted from "impairment" in the values of fixed assets (3-15) Cost includes expenditures that are directly attributable to the acquisition of the asset and necessary to have the asset ready for use in the purpose for which the asset was acquired in addition to the cost of removing the asset and the settlement of its location.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Assets are stated in the construction phase for production or for rent or for administrative purposes at cost less cumulative impairment losses. Cost includes professional fees and all direct costs related to the asset. Deprecation of these assets starts when they are completed and prepared for use as intended.

The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use.

b. Subsequent costs

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part, after derecognized the replaced part, of such an item when that cost is incurred if it is probable that future economic benefits embodied with the item will flow to the Company and the cost can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

c. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each component of the fixed assets (with the exception of Land which is not depreciated). The estimated useful lives are as follows:

Asset	Years
Buildings and construction works	5-20
Caravans	5-10
Vehicles	5
Furniture and fixtures	4-10
Office and communications equipment	5
Generators, machinery and equipment	2-5
Kitchen utensils	10
Wells, pumps and networks	4
Leasehold improvements	5 years or lease term whichever is lower
Golf course assets:	
Constructions	20
Irrigation networks	15
Equipment and tools	15

3.4 Intangible assets- Goodwill

Goodwill (positive and/or negative) represents amounts arising on acquisition of subsidiaries or joint ventures. As it represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired at acquisition date.

Positive goodwill is stated at cost less impairment losses while negative goodwill will be recognized directly in the income statement. Goodwill resulting from further acquisitions after control is obtained is determined on the basis of the cost of the additional investment and the carrying amount of net assets at the date of acquisition.

Goodwill is tested for impairment periodically and whenever there are events or changes in circumstances that indicate the existence of goodwill impairment. Impairment loss of goodwill cannot be reversed subsequently.

3.5 Operating lease

Payments made under operating lease (net of any incentives obtained from the leasor are charged to the income statement based on accrual basis).

3.6 Sale and leaseback

When a company lets a property to a lessee, the legal title of this property is transferred to the lessee according to an executory contract subject to a finance lease contract signed between parties, accordingly any gain or loss resulting from the differences between the sale price and the net book value of the property is deferred and amortized over the period of the lease contract.

When the property is then bought back, any unamortized gains or losses are recognized in the income statement on the buyback date.

3.7 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and ready for their intended use.

3.8 Biological assets

Biological assets under construction are measured at fair value less costs to sell, any change in costs will be recognized in profit or loss, costs to sell includes any costs incurred to sell the biological asset.

3.9 Investment properties

a. Recognition and initial measurement

This item includes lands held and not allocated for a specific purpose, and/or lands held for sale on a long term basis. It also includes lands and buildings leased to others (by virtue of operating leases). Real estate investments are valued at cost less the accumulated depreciation and "impairment" (note No. 3-15). The fair value of these investments are disclosed at the balance sheet date unless the fair value is difficult to be determined in a reliable manner. In this case such fact shall be disclosed.

b. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each component of the investment properties. The estimated useful lives are as follows:

Asset	Years
Leased units	50
Roads	20
Elevators	10
Agriculture and landscape	10
Air-conditions	5
Sound systems and cameras	2

3.10 Investments

a. Available for sale investments

Financial instruments held by the Company and classified as available-for-sale investment are stated at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component in equity. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in consolidated income statement. Except the impairment loss, Investments in unlisted securities or where the fair value of investment cannot be determined in a reliable manner such investments are stated at cost less impairment losses (note No. 3-15). Impairment loss is recognized directly in the consolidated income statement.
Financial instruments classified as available-for-sale investments are recognized /derecognized by the Company on the date it commits to purchase / sell the investments.

b. Held for trading investments

Held for trading investments are classified as current assets and are stated at fair value. Any gain or loss resulting from the change in fair value or sale of such investment is recognized in the income statement.
Treasury bills are stated at their net cost after deducting the amortized interest and the Impairment losses (note No. 3-15).

3.11 Units ready for sale

Units ready for sale are stated at the consolidated balance sheet date at lower of cost or net releasable value.
Cost is calculated based on the product of the total area of the remaining units ready for sale on the reporting date multiplied by the average cost per meter. (The cost of the units includes land, utilities, construction, construction related professional fees, labor cost and other direct and indirect expenses). Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

3.12 Work in process

All costs relating to uncompleted works are recorded in work in process account until the completion of the works. Work in process is stated in the consolidated balance sheet at cost or net realizable value whichever is lower. Costs include directly attributable cost needed to bring the units to the selling status.

3.13 Trade, notes receivable and debtors

Trade and notes receivables, debtors and other debit balances, that do not carry interest are stated at their nominal value and are reduced by impairment losses note No. (3-15). Impairment losses are formed when there is objective evidence that the Company is not able to collect the due amounts according to the original terms of the contracts. Impairment represents the difference between the book value and net recoverable amount which is represented in the future cash flows that the Company expects. Long-term trade and notes receivables are initially recognized at fair value and subsequently re-measured at amortized cost using the effective interest rate method.

3.14 Cash and cash equivalents

As a basis for preparation of cash flow, cash and cash equivalents comprise cash at banks and on hand, checks under collection and time deposits, that have maturity date less than three months from the purchase date. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

3.15 Impairment of assets

a. Financial assets
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the consolidated income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the consolidated income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in consolidated income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

b. Non-financial assets
The carrying amounts of the Company's non-financial assets, other than, investment properties, units ready for sale and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.16 Provisions
Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it's probable that a flow of economic benefits will be required to settle the obligation and the obligation amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the balance sheet date and amended (when necessary) to reflect the best current estimate.

Provision for completion
A provision for completion of work is formed at the estimated value of the completion of the projects' utility works (relating to the units delivered to customers and the completed units according to the contractual terms and conditions and the completed units for which contracts were not concluded) in their final form as determined by the Company's technical department. The necessary provision is reviewed at the end of each reporting year until finalization of all the project works.

3.17 Borrowing costs
Borrowing costs are recognized in the income statement as an expense when incurred using the effective interest rate.

Borrowing costs related directly to acquire or constructing qualified assets, are capitalized until the date of having these assets available for use, capitalization is temporarily suspended during the periods in which construction of assets is temporarily suspended. Capitalization is permanently stopped when all essential activities to have the asset ready for use are completed according to the alternative accounting treatment stated in the EAS no. (14).

3.18 Interest –bearing borrowings
Interest – bearing borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortized cost, any differences between cost and redemption value are recognized in the income statement over the period of the borrowing using the effective interest rate.

3.19 Trade, contractors and other credit balances
Trade, contractors and other credit balances are stated at cost.

3.20 Share capital
Common shares are classified in the owners' equity.

a. Issuance of share capital
Incremental costs directly attributable to the issuance of new ordinary shares are recognized as a deduction from equity net of income tax – if any.

b. Treasury shares
In case of repurchase of the Company's own shares, the amounts paid for repurchase includes all the direct costs attributable to the repurchase and such amount is classified as treasury shares deducted from the shareholders equity.

c. Dividends
Dividends are recognized as a liability in the period in which they are declared.

d. Finance of the incentive and bonus plan
Equity shares issued for the purpose of the incentive and bonus plan of the Company's employees and managers are presented as shares kept for incentive and bonus plan and are included in equity, the resulting outcome from sale of these shares is recognized in equity.

- On February 1, 2015 the extra ordinary general assembly agreed to end the current bonus and incentive plan for employees, executive managers and board of directors members and implementation of a new incentive and bonus plan as disclosed in note No. (53).

e. Reserves
As per the Companies' law and the Company's articles of incorporation, 5% of the net profit of the year is set aside to form the legal reserve.

Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued capital. However, if the reserve balance falls below 50% of the Company's issued capital then the company is required to reform the legal reserves with at least 5% of the net annual profits.

The transferred amount can be recorded at the period in which the general assembly authorizes such transfer.

3.21 Equity settled share based payments
The difference between the grant date fair value of shares and the amount incurred by the beneficiaries is recognized in the income statement over the period that the beneficiaries become unconditionally entitled to those shares. The expected number of beneficiaries from the plan and the extent of their benefit are reviewed at the consolidated financial statements date. Necessary changes are made for the expense to reflect the best estimate and the corresponding amount is included in equity.

3.22 Notes payable – Long-term
Long-term notes payable are stated at amortized cost using the effective interest rate method.

3.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognized when it is probable that the future economic benefits will flow to the entity and the amount of the revenue can be measured reliably. No revenue is recognized if there are uncertainties regarding the recovery of that consideration due or associated costs.

a. Real estate and land sales

Revenue from sale of residential units, offices, commercial shops, service and villas for which contracts were concluded is recorded when all the ownership risks and rewards are transferred to customers and upon the actual delivery of these villas and units whether the said villas and units have been completed or semi – completed. Revenue from sale of lands is recorded upon the delivery of the sold land to customers and the transfer of all the ownership rewards and risks to the buyer.

Net sales are represented in the selling value of units and lands delivered to customers after excluding the future interests that have not been realized till the consolidated balance sheet date and after deducting the value of sales returns (represented in the saleable value of the sales returns less unrealized interests that have been previously excluded from the saleable value). Discounts granted to customers are recorded within the other operating expenses.

b. Service revenues

Revenue from services is recognized when the service is rendered to the customer.

c. Rental income

Rental income resulting from investment properties (less any discounts) is recognized in the consolidated income statement on a straight-line basis over the terms of the lease.

d. Interest income

Interest income is recognized using the accrual basis, considering the period of time and effective interest rate.

e. Commission revenue

Commission revenue is recognized in the consolidated income statement according to the accrual basis of accounting.

f. Dividends

Dividends income is recognized in the consolidated income statement on the date the Company's right to receive payments is established.

3.24 Cost of sold lands

The cost of sold lands is computed based on the value of the net area of land sold in addition to its respective share in road areas as determined by the Company's technical management, plus its share of the open area cost as well as its share of infrastructure cost.

3.25 Expenses

a. Lease payments

Payments under leases are recognized (net after discounts) in the consolidated income statement on a straight-line basis over the terms of the lease and according to the accrual basis.

b. Employees' pension

1.Pension obligations

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law No. 79 of 1975 and its amendment. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Company's liability is confined to the amount of its contribution. Contributions are charged to the consolidated income statement using the accrual basis.

The company also contributes to a group insurance program for its employees with one of the insurance companies. Accordingly the insured employees receive end of service benefits when leaving the Company that will be paid by the insurance company. The contribution of the Company is confined to the monthly installments. Contributions are charged to income statement using the accrual basis.

2.Employees' profit sharing

As per the Companies Law, employees are entitled to receive not less than 10% of the distributed profits, after deducting a percentage to support the legal reserve, according to the rules proposed by the Company's board of directors and after the approval of General Assembly Meeting which should not exceed the total employees' annual salaries.

Employees' share in profit is recognized as dividends of profit and shown in the statement of changes in equity and as an obligation in the financial year at which the declaration has been authorized.

c. Income tax

Income tax on the profit or loss for the period / year comprises current and deferred tax. Income tax is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the net taxable income for the year, using tax rates enacted at the consolidated balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax assets/liabilities provided is determined using tax rates enacted at the consolidated balance sheet date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized in the future years.

3.26 Earnings / (losses) per share

Earnings (losses) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period / year.

3.27 New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but not adopted.

During the year 2015, a modified version of the Egyptian Accounting Standards (EAS) was issued including some of the new accounting standards and the amendments to some existing standards provided that they shall come into force for the financial periods that start after January 1, 2016, while taking into consideration that the early implementation of these standards is not permissible.

*In the following table, we shall review the most prominent amendments on the Egyptian Accounting Standards (EAS) that may have a significant impact on the financial statements of the company at the beginning of the implementation thereof:

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (1) Presentation of Financial Statements	Financial Position Statement • The Standard does not require to present the working capital presentation. • The reference financial statements that was included in 2006 Standards was excluded; which presented the working capital presentation. • A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. Income Statement (Profit or Loss)/ Statement of Comprehensive Income The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (Income Statement) and the other one starts with the profit or loss and presents the other comprehensive income items (Statement of Comprehensive Income).	• Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the Standard. • Adding a new statement , Statement of Comprehensive Income, for the current and comparative period.
EAS (10) Property, Plant and Equipment (PPE)	• The option of using the revaluation model in the subsequent measurement of PPE has been canceled.	In case the company previously revaluated its assets; due to a restructuring process (merger or demerger,….), the note shall be as follows: Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard. In case the company did not revaluate its assets before, the note shall be as follows: The amendment on the standard has no impact on the figures presented in the financial statements.
	• The financial shall disclose a reconciliation of the carrying amount – movement of the PPE and its depreciations- in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period. • The strategic (major) spare parts and stand-by equipment can be classified as PPE when the entity expects to use them for more than one period (when the definition of PPE applies thereto).	Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (34) Investment Property	The option of using the fair value model in the measurement after recognition of the Property Investment has been canceled.	For the companies that applied the fair value model, the note shall be as follows: The fair value of the investment at the beginning of the implementation of this Standard shall be considered deemed cost of that investment for the purposes of the subsequent accounting treatment according to EAS (10) " PPE".
EAS (14) Borrowing Costs	Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Income Statement without being capitalized on the asset.	For the companies that applied the benchmark treatment, the note shall be as follows: The entity shall apply this Standard to the borrowing costs attributable to the qualifying assets, where the start date of capitalization falls within or after the date of the implementation of this Standard.
EAS (25) Financial Instruments: Presentation	Any financial instrument with a resale right shall be classified as an equity instrument instead of classifying it as a financial liability; if it meets the conditions in accordance with the paragraphs (16 A or 16 b) or paragraphs (16 c and 16 d) of the same Standard, from the date the instrument has all the features and meets all the conditions set out in those paragraphs. An entity shall re-classify the financial instrument from the date the instrument ceases to have all the features or meet all conditions set out in those paragraphs.	Re-presenting any financial instrument meets all the conditions including all the presented comparative periods.
EAS (40) Financial Instruments: Disclosures	• A new Egyptian Accounting Standard No.(40) "Financial Instruments: Disclosures" was issued including all the disclosures required for the financial instruments. Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the Standard became "Financial Instruments: Presentation" instead of "Financial Instruments: Presentation and Disclosure"	Retroactive amendment to all the comparative figures of the presented disclosures shall be carried out.
Egyptian Standard No. (45) Fair Value Measurement	The new Egyptian Accounting Standard No. (45) "Fair Value Measurement" was issued and shall be applied when another Standard requires or allows measurement or disclosure to be made at fair value. This Standard aims the following: (a) Defining the fair value (b) Laying down a framework to measure the fair value in one Standard and (c) Identifying the disclosure required for the fair value measurements.	Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No. (29) Business Combination	The purchase method was cancelled and replaced by the acquisition method; as results: 1. Changing the acquisition cost to become the cash consideration transferred; and to be measured at fair value at the acquisition date. 2. Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as a part of consideration transferred. 3. Changing the method of measuring goodwill in case of Step Acquisition is made. • The transaction cost (the cost related to the acquisition): Shall be charged to the Income Statement as an expense in which the costs incurred it and shall not be added to the cash consideration transferred; except for the costs of issuing equity as debt instruments directly related to the acquisition process.	Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.
Egyptian -Standard No.(42): The Consolidated Financial Statements	• The new Egyptian Accounting Standard No. (42) "The Consolidated Financial Statements" was issued and accordingly Egyptian Accounting Standard No. (17) "The Consolidated and Separate Financial Statements" has changed to become "The Separate Financial Statements". • Pursuant to the new Egyptian Accounting Standard No. (42) "The Consolidated Financial Statements" • The control model has changed to determine the investee entity that must be consolidated.	Retroactive amendment to all the comparative figures of the consolidated financial statements and financial information presented.
	• Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders. • Any Investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the Income Statement. • Losses applicable to the Non-Controlling Interest "NCI" in a subsidiary including component of Other Comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances.	Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No.(43): **Joint Arrangements**	• The new Egyptian Accounting Standard No. (43) "Joint Arrangements" was issued and accordingly Egyptian Accounting Standard No. (27) "Interests in Joint Ventures" was replaced. • According to the new Egyptian Accounting Standard No. (43) "Joint Arrangements" a new model for the joint arrangements was laid down in order to classifies and determine their kind whether (Joint Venture) or (Joint Operation). • As such, action depends on the substance of the arrangement and not only its legal form. • In case the arrangement is classified as a joint venture, each party of the arrangement parties shall account for that investment using the equity method only (as the proportionate consolidation method was eliminated) whether in the Consolidated or Individual Financial Statements issued thereby.	Amendment shall be applied starting from the prior period to the application of this standard (i.e. first of January 2015),and all the comparative figures of the financial statements and financial information.
Egyptian Standard No. (18): **Investments in Associates**	The accounting treatment of the joint ventures shall be added to this standard, accordingly the Investments in associates and joint ventures shall be accounted for that investments using the equity method in the Consolidated and Individual Financial Statements.	Retroactive amendment to all the comparative figures and financial information presented.
	• The entity shall discontinue to use the Equity method from the date when its investment ceases to be an associate or a joint venture provided that the retained interest shall be re-measured using the fair value and the difference shall be recognized in the Income Statement . • If an investment in an associate becomes an investment in a joint venture or vice versa, the entity continue to apply the Equity Method and does not re-measure the retained Interest. • If an entity's ownership interest in an associate or a joint venture reduced, but the entity continues to apply the Equity Method, the entity shall reclassify to profit or loss the proportions of the gain or loss that previously been recognized in OCI relating to that reduction in Ownership interest.	Currently, the management is assessing the potential impacts on its consolidated financial statements resulting from application of the standard.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No. (44): Disclosure of Interests in Other Entities	• A new Egyptian Accounting Standard No.(44) "Disclosure of Interests in Other Entities" was issued in order to comprise all the required disclosures pertaining to the investments in subsidiaries, associates, joint arrangements ,and the unconsolidated Structured Entities. • The objective of this standard is to comply the entity to disclose the information that enable users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance, and cash flows.	Retroactive amendment to all the comparative figures for the disclosures presented.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Fixed assets

The fair value of fixed assets recognized as a result of a business combination is based on market values. The fair value of fixed assets is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgeably, prudently and without compulsion.

4.2 Investments in equity instruments

The fair value of held for trading investments and available -for- sale investment is determined by reference to market value declared to these shares in stock market at the consolidated financial statement date.

4.3 Trade, note receivables and other debtors

The fair value of trade, note receivables and other debtors is estimated as the present value of future cash flows, discounted at the market rate of interest at the consolidated financial statement date.

4.4 Investment properties

The fair value is based on market values, being the estimated amount for which property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

4.5 Share – based payment transactions

The fair value is determined by reference to market value declared at the consolidated balance sheet date without deducting the cost related to transactions.

4.6 Assets and liabilities of subsidiaries under liquidation

Assets and liabilities of subsidiaries under liquidation are recorded with fair values and are included in current assets and/ or current liabilities.

5. Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also identifies and analyzes the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee and the internal control department assist the company's Board of Directors in its supervisory role, the internal audit department is also responsible for regular and sudden inspection of internal control and the policies associated with the risk management and reports conclusion to the company's Board of Directors.

5.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. This risk is mainly associated with the Company's customers and other receivables.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry which has less influence on credit risk. Almost all of the Group's revenues is attributable to sales transaction with a vast group of customers. Therefore, demographically, there is no concentration of credit risk.

The Group's management has established a credit policy under which each customer is subject to credit valuation before the Company's standard payment and delivery terms and conditions are offered to him. The Company obtained advance payments and cheques covers for the full sales value in advance and before the delivery of units to customers. No previous losses were observed from transactions with customers.

Sales of units are made subject to retention of title clauses and the ownership title is transferred after collection of the full sales value. In the event of non-payment, the unit is returned to the Company and the amounts collected from customers are repaid at the default date after deducting a 5 % to 10 % of this value.

Investments

The Company manages the risk via conducting detailed investment studies which are reviewed by the Board of Directors. Company's management does not expect any counterparty to fail to meet its obligation.

Guarantees

The group extends corporate guarantees to subsidiaries, when needed, after the approval of the Extra Ordinary General Assembly Meeting (EGM). The following corporate guarantees were provided:

- On the 1st of February, 2015, Sixth of October for Development and Investment Company's "SODIC" EGM approved extending a corporate guarantee to SOREAL For Real Estate Investments (99.99 % owned by SODIC).

5.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate period including the cost of servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Group maintains the following lines of credit:

- L.E 5 million as short-term bank facilities guaranteed by treasury bills, which are kept with the bank.
- A facility amounting to L.E 150 million. The facility is fully secured by deposits amounting to L.E 150 million.
- A facility amounting to L.E 150 million for one of the subsidiaries. The facility is fully secured by deposits amounting to L.E 150 million.
- A medium term loan in the amount of L.E 900 million.
- A medium term loan in the amount of L.E 300 million.
- A medium term loan in the amount of L.E 950 million for one of its subsidiaries.

5.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

5.4 Currency risk

The Group is exposed to currency risk on sales and financial assets that are denominated in foreign currencies. Such risk is primarily represented in US$ and Syrian lira.

In respect of monetary assets and liabilities denominated in other foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short- term imbalances.

The Company's investments in its subsidiaries are not hedged as those currency positions are considered long-term in nature.

The Parent Company does not enter into hedging contracts for foreign currencies.

5.5 Interest rate risk

The Company adopts a policy to limit the company's exposure for interest risk, therefore the company's management evaluates the available alternatives for finance and negotiates with banks to obtain the best available interest rates and credit conditions. Borrowing contracts are presented to the Board of Directors. The finance position and finance cost is periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

5.6 Other market price risk

Equity price risk arises from available-for-sale equity securities and management of the Group monitors the mix of equity securities in its investment portfolio based on market indices or an objective valuation of the financial statements related to these shares.

Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Company' Board of Directors.

The primary goal of the Company's investment strategy is to maximize investment returns. Management is assisted by external advisors in this regard.

In accordance with this strategy certain investments are designated at held for trading because their performance is actively monitored and they are managed on a fair value basis.

5.7 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors of the Parent Company monitors the return on capital, which the Company defines as net profit for the period/year divided by total equity. The Board of Directors of the Parent Company also monitors the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the period / year. The Company is not subject to externally imposed capital requirements.

6. Fixed assets (net)

	Golf course L.E	Land L.E	Building and constructions L.E	Vehicles L.E	Furniture and fixtures L.E	Office equipment and communications L.E	Generators, machinery and equipment L.E	Leasehold improvements L.E	Total L.E
Cost as at January 1, 2015	**93,628,961**	**23,700,259**	**10,367,941**	**15,431,824**	**19,085,754**	**18,678,979**	**23,573,559**	**13,400,255**	**217,867,532**
Additions during the year	-	32,705,970	26,847,470	3,574,891	2,752,423	4,572,028	3,540,254	2,075,298	**76,068,334**
Disposals during the year	-	-	-	(241,773)	-	(275,691)	(4,205,754)	(4,254,475)	**(8,977,693)**
Cost as at December 31, 2015	93,628,961	56,406,229	37,215,411	18,764,942	21,838,177	22,975,316	22,908,059	11,221,078	284,958,173
Accumulated depreciation and impairment loss as at January 1, 2015	32,785,603	-	3,587,926	12,417,742	12,202,754	13,537,666	17,377,151	10,672,196	102,581,038
Depreciation of the year	1,823,248	-	9,523,903	1,480,283	2,388,793	3,391,416	3,396,682	2,828,208	**24,832,533**
Accumulated depreciation of disposals	-	-	-	(231,145)	-	(264,509)	(4,205,753)	(3,622,131)	**(8,323,538)**
Impairment losses	30,000,000	-	-	-	-	-	-	-	**30,000,000**
Accumulated depreciation and impairment loss as at December 31, 2015	64,608,851	-	13,111,829	13,666,880	14,591,547	16,664,573	16,568,080	9,878,273	149,090,033
Net book value as at December 31, 2015	29,020,110	56 406 229	24,103,582	5,098,062	7,246,630	6,310,743	6,339,979	1,342,805	135,868,140
Net book value as at December 31, 2014	60,843,358	23,700,259	6,780,015	3,014,082	6,883,000	5,141,313	6,196,408	2,728,059	115,286,494

- Fixed assets include fully depreciated assets with an amount of L.E 34 490 158 as at December 31, 2015.
- On May,20 2015 the company repurchased the sales building and the administrative building as it disclosed in financial statements notes (36-1)

7. Projects under construction

This item is represented as follows:

	31/12/2015 L.E	31/12/2014 L.E
Buildings and constructions	6,271,054	6,509,071
Advance payments -fixtures and purchasing of fixed assets	1,519,245	4,899,502
	7,790,299	**11,408,573**

8. Biological asset under construction

On December 31, 2015, the balance of L.E 5,884,706 represents the cost of planting agricultural seedlings and the related costs, irrigation, water, wages, etc. (2014: L.E 4,838,507).

9. Investments in associates and joint ventures

The Group has the following investments in associates and joint ventures:

		Ownership Percentage		Carrying amount	
	Legal Form	31/12/2015 %	31/12/2014 %	31/12/2015 L.E	31/12/2014 L.E
Royal Gardens for Investment Property Co. (**A**)	SAE	20	20	-	-
Palmyra SODIC Real Estate Development **(B)**	Syrian Ltd.	50	50	-	-
				-	-

Summary of financial information of associates and joint ventures:-

	Assets L.E	Liabilities L.E	Equity L.E	Revenues L.E	Expenses L.E
December 31, 2015					
Royal Gardens for Real Estate Investments Co. (A)	**330,463,327**	**(299,454,739)**	**(31,008,588)**	**(288,643,101)**	**276,779,179**
December 31, 2014					
Royal Gardens for Real Estate Investments Co. (A)	**521,120,330**	**(476,977,020)**	**(44,143,310)**	**(278,759,490)**	**251,549,733**

	Assets L.E	Liabilities L.E	Equity L.E	Revenues L.E	Expenses L.E
December 31, 2015					
Palmyra SODIC Real Estate Development (B)	**79,960,952**	**(436,780,148)**	**356,819,196**	**-**	**184,068,833**
December 31, 2014					
Palmyra SODIC Real Estate Development (B)	**240,699,241**	**(393,636,642)**	**152,937,401**	**-**	**137,666,621**

(A) Royal Gardens for Investment Property Co. was established during the year 2006 in association with Palm Hills Developments and other shareholders. The cost of investment amounted to L.E 3 million which represents 50% of the Parent Company's participation in the share capital of Royal Gardens Co. The Parent Company's share in the unrealized gain resulting from the sale of land by the Parent Company to its associate during 2007 amounted to L.E 32,298,112 out of which only L.E 3 million has been eliminated to the extent of the Company's interest in the associate when preparing the consolidated financial statements.

(B) On June 15, 2010 SODIC Syria was established - a limited liability company – to acquire a 50% stake in Palmyra - SODIC Real Estate Development Co., Ltd. - a limited liability company - registered and operating in the Syrian Arab Republic. The direct investment cost amounts to LE 243 million.

(C) Due to the current political circumstances in the Syrian Arab Republic and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Co by the state government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt and commissioned a law firm to handle the issue and protect the interest of SODIC's shareholders.

This situation, coupled with the unstable political environment witnessed in Syria led SODIC's Board of Directors to take the view that the invested amounts in Syria are non-recoverable. As such, SODIC recognized a loss arising from the inability to recover its investments. The recognized impairment loss of the investment and the foreign accumulated translation differences amounted to L.E. 481,051,416 as of December 31, 2013.

10. Available for sale investments

This item is represented as follows:

	Legal Form	Ownership %	Paid amount of Participation %	Carrying amount as at 31/12/2015 L.E	Carrying amount as at 31/12/2014 L.E
Egyptian Company for Development and Management of Smart Villages	S.A.E	1.8	100	4,250,000	4,250,000
				4,250,000	**4,250,000**

- Exposure to market risk related to available for sale investments is considered limited since these investments represent equity instruments that are not traded in an active market and are denominated in Egyptian Pound.

11. Investment properties

The net carrying amount of the investment properties as at December 31, 2015 amounted to L.E 111,347,976. The amount includes commercial / residential units leased out to others.

The movement of the investment properties account and its associated depreciation during the year as follows:-

Description	Leased out units (A) L.E	Leased out units HUB L.E	Total
Cost as at 1/1/2015	18,568,793	-	18,568,793
Additions during the year (11-1)	8,664,293	86,733,319	95,397,612
Total cost of investment properties as at 31/12/2015	**27,233 086**	**86,733,319**	**113,966,405**
Accumulated depreciation as at 1/1/2015	(616,504)	-	(616,504)
Depreciation for the year	(322,173)	(1,679,752)	(2,001,925)
Accumulated depreciation as at 31/12/2015	**(938,677)**	**(1,679,752)**	**(2,618,429)**
Net carrying amount as at December 31, 2015	**26,294,409**	**85,053,567**	**111,347,976**
Net carrying amount as at December 31, 2014	**17,952,289**	**-**	**17,952,289**

(A) The fair value of completed residential units leased out to others amounted to L.E 59,867,000 as atDecember 31, 2015. (11-1) this additions during the year include L.E 86,733,319 transferred from WIP HUB, Note (4-16).

12. Trade, notes receivable and debtors – Long-term (Net)

This item represents the present value of long-term trade and notes receivable and debtors balance as follows:-

	31/12/2015 L.E	31/12/2014 L.E
Trade receivable	-	6,024,232
Sundry debtors	-	9,844,400
Notes receivable	4,761,962,569	3,410,589,350
	4,761,962,569	**3,426,457,982**
Deduct: Unamortized interest	(104,425,796)	(107,547,397)
	4,657,536,773	**3,318,910,585**

- The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note no. (48).

13. Deferred tax assets and liabilities

	31/12/2015		31/12/2014	
	Assets L.E	Liabilities L.E	Assets L.E	Liabilities L.E
Fixed assets	-	(881,027)	-	(3,498,562)
Provisions	57,655	-	67,260	-
Total deferred tax asset/(liability)	**57,655**	**(881,027)**	**67,260**	**(3,498,562)**
Net deferred tax (liability)	**-**	**(823,372)**	**-**	**(3,430,942)**

- No liability has been recognized in respect of the temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

14. Other assets (Net)

	31/12/2015 L.E	31/12/2014 L.E
Assets – Companies under liquidation (net)	2,683,724	2,683,724
Inventories and letters of credit	6,155,550	1,821,565
	8,839,274	**4,505,289**

15. Completed units ready for sale

	31/12/2015 L.E	31/12/2014 L.E
Cost of completed commercial units	4,181,942	5,348,572
Cost of units purchased for resale (15-1)	4,096,617	10,137,967
	8,278,559	**15,486,539**

15-1 This item represents the acquisition cost of 6 units in Casa project (Semi Finished) that were purchased from Royal Gardens Co. for Real Estate Investment – an associated company for the purpose of resale to others.

16. Work in process

This item represents the total costs related to works currently being undertaken. Details of these works are as follows:

	31/12/2015 L.E	31/12/2014 L.E
Allegria project costs	291,110,919	464,668,726
Westown project costs	814,319,057	799,302,539
Kattamya Plaza project costs	17,326,961	59,931,161
Eastown project costs (16-1)	1,819,227,446	1,467,856,946
Villette project costs (16 -2)	2,897,642,054	2,631,710,059
Al Yosr for projects and agriculture development project costs	333,660,797	332,831,205
Polygon project costs	347,983,895	321,732,935
Caesar project costs (3-16)	207,229,617	-
The Strip project costs	62,838,882	70,737,973
Westown Hub project costs (16-4)	-	79,277,574
Northren expansions project costs (16-5)	227,211,825	-
Beverly Hills project costs	17,317,328	9,681,261
Tegara for trading centers projects costs	-	1,975,719
	7,035,868,781	**6,239,706,098**

16-1 Eastown project cost includes an amount representing the present value of the of the installments of the settlement agreement signed between one of the Company's subsidiaries and the Ministry of Housing and New Urban Communities Authority dated April 14, 2014. The settlement agreement stipulates that the subsidiary will pay L.E 900 million over 7 years in return for an extension in the development time frame by an additional 5 years.

On February 16, 2010, a subsidiary of the Group concluded a sub-development agreement with El Sheikh Zayed for Real Estate Development Co. for the development of Block No. (8) Of Eastown project with an area of 7,439 square meter. The agreement stipulates that:-

- The subsidiary undertakes to sell the project to El Sheikh Zayed for Real Estate Development upon fulfillment of the conditions listed in this agreement.
- El Sheikh Zayed for Real Estate Development Co. is authorized to develop the project as an independent sub-developer and not as an agent in accordance with the master plan of the project.
- The subsidiary warrants that El Sheikh Zayed for Real Estate Development Co. is entitled as an independent sub-developer and not as an agent to develop and invest in the project in accordance with the conditions listed in this agreement. In addition, the subsidiary shall undertake all necessary procedures to allow and facilitate the development of the project by El Sheikh Zayed for Real Estate Development Co. in accordance with this agreement.
- The subsidiary undertakes to finalize all necessary procedures to allow the transfer of ownership of the project to El Sheikh Zayed for Real Estate Development Co. upon the fulfillment of the conditions of the agreement.
- The sub-development price amounts to L.E 3,371,400 which was collected in full during year 2010 in accordance with the conditions of the agreement. This amount will be recorded as revenue upon the fulfillment of the conditions of the sub-development agreement.

16-2 Villete project costs includes an amount of L.E 2.5 billion related to the purchase of 301.48 acres in New Cairo by a subsidiary. The award letter was received on the 9th of June, 2014.

16-3 Tabrook development costs include cost of purchasing 172,000 m2 land plot in Ras-Elhekmah on the north coast amounted L.E 190 Million.

16-4 The HUB project has been completed during the financial year ended December 31, 2015 and the whole project's cost,which amounted to L.E 86,733,319, has been classified as investment properties note No. (11).

16-5 Includes the acquisition cost of a piece of 30.76 acres plot in Sixth of October City.

17 Trade and notes receivable – current

	31/12/2015 L.E	31/12/2014 L.E
Trade receivable	96,745,325	119,860,964
Notes receivable	2,150,338,683	1,432,439,992
	2,247,084,008	**1,552,300,956**
Deduct : unamortized interest – notes receivable	(18,086,090)	(12,003,148)
	2,228,997,918	**1,540,297,808**
Deduct : Impairment losses of trade and notes receivable	(263,027)	(258,522)
	2,228,734,891	**1,540,039,286**

- The Group's exposure to credit, currency risks related to trade and notes receivable is disclosed in note no. (48).

18. Debtors and other debit balances

	31/12/2015 L.E	31/12/2014 L.E
Contractors and suppliers – advance payments	244,408,788	121,262,060
Due from related parties – Joint Venture	35,191,620	35,191,620
Accrued interest	68,600,809	68,618,927
Due from related parties	6,523,612	6,283,377
Prepaid expenses	215,651,709	155,967,298
Deposits with others	2,029,214	5,694,821
Tax Authority	12,138,042	2,079,268
L / G 's margins	-	3,150,000
Due from the bonus and incentives plan to employees and managers fund	122,736	18,004,359
Advance- operating lease	-	3,615,681
Debtors from sale of investments (18-1)	52,578,228	-
Other debit balances	10,212,418	14,821,959
	647,457,176	**434,689,370**
Deduct : Impairment loss on debtors and other debit balances	(110,081,036)	(107,463,769)
	537,376,140	**327,225,601**

18-1 The amount represents the balance outstanding arising from the sale of the Group›s share in the capital of El Sheikh-Zayed for construction development in 2010 to Invesmart EDA for construction investment.

- The Group's exposure to credit, currency risks related to trade and notes receivable is disclosed in note no. (48).

19. Loans to Joint Ventures

	31/12/2015 L.E	31/12/2014 L.E
This item represents the loan granted to the Joint Venture project by the Group on August 16, 2010 for a total amount of USD 19.5 million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before June 30, 2011. The loan was renewed until December 31, 2015 with an interest rate of 12.5% per annum.	135,485,960	135,485,960
This item represents the utilized amount of the bridge loan granted to the Joint Venture project on October 28, 2010 for a total amount of USD 7,856,766. The loan carries an interest rate of 8.5% per annum. The principal together with interest are scheduled for payment before December 31, 2015.	54,660,833	54,139,883
	190,146,793	**189,625,843**
Deduct : Impairment for loans to joint ventures	(190,146,793)	(189,625,843)
	-	-

20. Investments in treasury bills

	31/12/2015 L.E	31/12/2014 L.E
Treasury bills at par value	52,550,000	31,229,098
Unearned return on treasury bills	(2,775,487)	(2,605,866)
	49,774,513	**28,623,232**

- The Group's exposure to market risk related to the trading investments is disclosed in note no. (48).

21. Cash at banks and on hand

	31/12/2015 L.E	31/12/2014 L.E
Bank - time deposits (21-1)	1,704,797,340	1,936,272,391
Bank - current accounts	242,749,807	113,235,177
Checks under collection	17,823,229	25,567,899
Cash on hand	1,161,255	1,259,270
	1,966,531,631	**2,076,334,737**

21-1 Deposits include an amount of L.E 305 million restricted as a guarantee for the credit facility granted to the Parent Company and Company of subsidiaries from a commercial bank. In addition, it includes an amount of L.E 166 million representing the value of deposits collected from customers on account of the regular maintenance expenses.

- For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents item is represented as follows:

	31/12/2015 LE	31/12/2014 L.E
Cash at banks and on hand	1,966,531,631	2,076,334,737
Less:		
Bank-Overdraft	-	1,373,763
Restricted-Time Deposits	304,503,766	300,000,000
Cash and cash equivalents in the consolidated statement of cash flows	**1,662,027,865**	**1,774,960,974**

- The Group's exposure to interest rate risk for financial assets is disclosed in note no. (48).

22. Provision for completion

Movement on provisions during the period is represented as follows:-

	Balance as at 1/1/2015 L.E	Formed during the year L.E	Used during the year L.E	Balance as at 31/12/2015 L.E
Provision for completion of works (22-1)	68,382,052	63,782,637	(67,218,904)	64,945,785
	68,382,052	**63,782,637**	**(67,218,904)**	**64,945,785**

22-1 This provision is formed against the estimated costs expected to be incurred to complete the execution of the project in its final stage. (related to units delivered to customers), which are expected to be incurred in the following years.

23. Provisions

	Balance as at 1/1/2015 L.E	Formed duringthe year L.E	Used during the year L.E	Provisions no longer required during the year L.E	Balance as at 31/12/2015 L.E
Provision for expected claims	8,425,682	200,854	(2,509,297)	(60,000)	6,057,239
	8,425,682	**200,854**	**(2,509,297)**	**(60,000)**	**6,057,239**

- The provision is formed in relation to existing claims on the company's transactions with other parties. The Company's management reviews the provisions annually and makes any amendments if needed according to the latest agreements and negotiations with those parties.
- The Company did not disclose all of the information required by the Egyptian accounting standards with those parties as the management assumes that the disclosure of such information shall seriously affect the company's negotiations with those parties.

24. Bank - credit facilities

This item is represented in the following:

	31/12/2015 L.E	31/12/2014 L.E
Represents the amounts drawn down from the LE 150 million fully secured overdraft facility signed between Bank Audi and SODIC. The facility is fully secured by deposits amounting to L.E 150 million.	31,105,204	101,170,177
Represents the amounts drawn down from the LE 150 million fully secured overdraft facility signed with Bank Audi and SOREAL. The facility is fully secured by deposits amounting to L.E 150 million.	17,203,930	56,346,130
Represents the balance of the credit facility granted to one of the subsidiaries from the National Bank of Egypt with an amount of L.E 5 million, secured by the treasury bills kept at the bank.	1,718,142	1,328,769
	50,027,276	**158,845,076**

- Information regarding the Group's exposure to interest rate risk for financial assets is disclosed in note no. (48).

25. Advances from customers

This item represents the advance payments and contracting for units and land as follows:

	31/12/2015 L.E	31/12/2014 L.E
Advances - SODIC West	2,821,472,769	3,208,260,688
Advances - SODIC East	5,419,434,298	2,888,654,361
Advances - CAESAR PROJECT	673,417,468	-
	8,914,324,535	**6,096,915,049**

26. Contractors, suppliers and notes payable

	31/12/2015 L.E	31/12/2014 L.E
Contractors	98,967,412	80,287,724
Suppliers	2,860,981	8,964,648
Notes payable (26-1)	858,331,078	787,222,239
	960,159,471	**876,474,611**
Deduct: Unamortized interest-notes payable	(117,325,527)	(152,874,289)
	842,833,944	**723,600,322**

26 - 1 Notes payable includes LE 744 Million which represents the amount due to the New Urban Communities Authority.

- The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note no. (48).

27. Creditors and other credit balances

	31/12/2015 L.E	31/12/2014 L.E
Amounts collected on account for management, operation & maintenance of projects	483,706,796	296,618,767
Due to related parties	6,125,688	6,798,273
Accrued expenses	110,844,977	84,804,737
Customers - Beverly Hills – capital contributions	12,638,549	10,123,706
Customers – credit balances	37,973,566	22,211,597
Tax Authority	112,980,666	57,626,936
Dividends payable	1,398,572	91,643
Accrued compensated absence	1,428,692	3,714,681
Insurance Deposits collected from customers – Against modifications	850,756	344,615
Social insurance	359,228	438,805
Customers – down payments for sub-development (27-1)	3,371,400	3,371,400
Unearned revenue	1,243,831	1,196,355
Retentions	9,084,075	8,958,796
Due to SIAC	-	3,634,857
Due to beneficiaries from Incentive plan	1,192,600	1,192,600
Deposits from others	16,635,432	13,082,859
Deferred capital gain	-	6,665,857
Premiums of Eastown club	109,299,607	56,404,368
Sundry creditors	14,144,186	17,683,856
	923,278,621	**594,964,708**

27-1 This amount represents sub-development from Sheikh Zayed for Real Estate Development, disclosed in note no. (16-1).

- The Group's exposure to currency and liquidity risks related to creditors is disclosed in note no. (48).

28. Non-controlling interest

Non-controlling interest balance as at December 31, 2015 represents the interest shares in subsidiary's equity as follows:

			Non-controlling interest		
	Percentage %	Profit /(loss) for the year L.E	excluding profit / (loss) for the year L.E	as at 31/12/2015 L.E	as at 31/12/2014 L.E
Sixth of October for Development and Real Estate Projects Co. "SO-REAL"	0.01	6,094	56,278	62,372	56,278
Beverly Hills for Management of Cities and Resorts Co.	53.25	22,344	28,496,464	28,518,808	28,496,464
SODIC Garden City for Development and Investment Co.	50	10,600,076	49,017,270	59,617,346	49,017,270
El Yosr for Projects and Agriculture Development Co.	0.001	(9)	26,997	26,988	26,997
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
SODIC polygon for Real Estate Development Co. (*)	-	-	-	-	14,161,871
Tegara for Trading Centers Co.	4.76	(4,816)	2,671,757	2,666,941	2,671,757
Edara for Services of Cities and Resorts Co.	0.003	188	331	519	331
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		10,623,877	**80,269,121**	**90,892,998**	**94,430,992**

* During the year the company has purchased additional shares of 13.33% in SODIC polygon (subsidiary) amounted by 20,000,000 L.E, which reflected by increasing in company›s percentage from 86.67% to 100%, and decreasing in minority›s by 14,161,871 L.E, also decreasing in retained earnings by L.E 5,838,129.

29. Share capital

- The authorized capital of the Company is L.E. 2,800,000,000.
- The Company's issued and paid in capital is L.E 1,355,638,292 distributed over 338,909,573 shares with a par value of L.E 4 per share, the commercial register was notified on December 7, 2014.
- The capital structure for the holding company represented as follow:

Shareholder	Number of shares	Share value L.E	Ownership percentage %
Olayan Saudi Investment Company.	43,121,432	172,485,728	12.72
RA Six Holdings Limited	31,992,544	127,970,176	9.44
Rashed Abdelrahman Al Rashed & Sons Co	15,586,983	62,347,932	4.60
EFG Hermes Holdings Financial Group.	15,183,111	60,732,444	4.48
NORGES Bank	12,838,392	51,353,568	3.79
Al- Majid Investments LLC.	11,148,092	44,592,368	3.29
Abdel Monem Rashed Abdel Rahman Al Rashed	9,897,756	39,591,024	2.92
Other shareholders	199,141,263	796,565,052	58.76
	338,909,573	**1,355,638,292**	**100**

30. Legal Reserve

The reserve balance as at December 31, 2015 is represented as follows:-

	L.E
Legal reserve balance as at 1/1/2003	6,530,455
Add:	
Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4,627,374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006. (Note No. 31).	123,409,151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital. (Note no. 31).	5,000,000
Increase of the legal reserve by 5% of the net profit for 2008.	2,339,350
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during 2010 (Note No. 31)	39,446,365
Increase in legal reserve by 5% of 2014 net income	3,076,124
Deduct:	
The amount used to increase the issued share capital during 2011.	(2)
	184,428,817

31. Special reserve – share premium

The balance as at December 31, 2015 is represented in the following:

Description	L.E
Total value of the capital increase share premiums collected for the years 2006 and 2010	1,445,017,340
Add:	
• Share premium of the employees' incentive and bonus plan issued during 2007	90,000,000
• The value of selling 712,500 shares which has been sold through beneficiaries of incentive and bonus plan during 2014 with LE 30 per share (after split)	21,375,000
• The value of 200,000 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan with the capital increase in 2008 as a result of the termination of the program (Note no.53).	2,150,000
• The value received from the selling of offering rights for 737,500 shares during 2014, which were transferred from shares held for "incentive and bonus plan" as a result of the termination of the program (Note no.53).	16,306,910
• The value of accrued dividends for 737,500 shares which were transferred from the shares set aside for the incentive and bonus plan during 2015 as a result of the termination of the program (Note no.53).	1,180,000
Deduct:	
Amounts transferred to the legal reserve	(167,855,516)
Capital increase – related expenses	(55,240,255)
Amount used for share capital increase during 2008	(5,000,000)
	1,357,933,479

32. Treasury shares

On February 1, 2015, the Company's Extraordinary General Assembly agreed on the termination of the current incentive and bonus plan for employees and executive directors of the company by the end of its duration as of march 31, 2015 and converting the remaining shares amounting to 737,500 shares on which its rights have not been exercised yet, into treasury shares in accordance with the related regulations, and the conversion of the shares into treasury shares has been executed on July 14, 2015.

33. Profit from sale of treasury shares

On August 14, 2011, the board of directors of the Company approved the purchase of one million treasury shares at L.E 18 per share (the par value is L.E 4 per share) with a total amount of L.E 18,018,000 from the company's shares offered on the Egyptian stock exchange. On August 13, 2012 the Company's board of directors agreed to sell these shares for a total value of L.E 21,710,867 resulting in a profit from the sale of treasury shares with an amount of L.E 3,692,867.

34. Shares kept for bonus and incentive plan

This item represents the remainder of the amount paid by the Parent Company in return for issuing 2.5 million ordinary shares with a fair value of L.E 40 per share (after splitting) under account and in favor of the incentive and bonus plan of the Parent Company's employees and managers which are kept in Arab African International Bank.

The conversion of these shares into treasury shares has been executed on July 14, 2015, according to the decision of Extraordinary General Assembly dated of February 1, 2015 as mentioned above (Note 32).

35. Amount set aside for incentive and bonus plan

The balance is represented in the following:

Description	L.E
Balance as of January 1, 2015	20,004,359
Deduct:	
• The value of the offering rights for 737,500 shares transferred to share premium during 2015, as a result of the termination of the inventive and bonus plan (Note 53)	16,306,910
• The value of accrued dividends for 737,500 shares transferred to share premium during 2015, as a result of the termination of the inventive and bonus plan (Note 53)	1,180,000
• The value of the interest realized on the current account of the incentive and bonus plan, which was recognized as interest earned in the consolidated income statement during the year	517,449
• The value of the reversal of set aside for incentive and bonus plan for 200,000 shares which is no longer required due to the termination of the incentives and bonus plan (Note 53). This value has been deducted from wages and salaries expenses in the consolidated income statement during 2015.	2,000,000
	-

36. Long-term loans

	31/12/2015 L.E	31/12/2014 L.E
On December 19, 2013 the company signed a medium-term syndicated loan contract with a group of banks represented by the Arab African International Bank "facility agent" with a total amount of LE 900 million to finance the total debt outstanding on the company and to finance SODIC West projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt. On May 6, 2015 the company signed an addendum to the above mentioned loan agreement, adding land plots in SODIC WEST project and using the facility to refinance the outstanding debt to PIRAEUS Egypt bank. **Guarantees:** • Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent". • Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent", and pledge the project's account. • Promissory note from the Company (the borrower). **Grace period:** 12 months from the date of the first drawdown, this applies to the principle amount of the debt only. **Repayment:** commenced on March 31, 2015 and payable on (16) quarterly unequal installments.	407,083,911	433,983,384
On July16, 2014 the company signed a medium-term loan contract with Commercial International Bank (CIB) for an amount of LE 300 million as follows: Tranche (A) to refinance the total amount due to Solidere International following the settlement agreement and Tranche (B) to finance the development of specific blocks on Westown Residences and The Courtyards project.	189,347,800	189,347,800
On July 3, 2014 a company's subsidiary signed a medium term facility agreement with Arab African International Bank (AAIB) for a total amount of LE 950 million to finance Villette projects' cost. **Guarantees:** • Assignment of receivables generated from sale and lease contracts • Pledge of project account, associated sub accounts, and debt service account in favor of the security agent • Promissory notes • Corporate guarantee from SODIC for the total loan value plus associated interest and fees **Availability period**: Commences from the signing date till December 31, 2017. **Grace period:** 3 months after the end of availability period, this applies to the principle amount of the debt only. **Repayment:** Commences at the end of the grace period, and is to be paid on 8 consecutive quarters ending, December, 31, 2019	523,067,183	415,823,248
Total	**1,119,498,894**	**1,039,154,432**
Deduct: Current portion		
Arab African International Bank	(123,335,275)	(78,117,009)
	996,163,619	**961,037,423**

36-1
- The Company has signed a medium term financing contract (sale and lease back - financial lease) with PIRAEUS bank Egypt and PIRAEUS company "for financial lease" in the amount of L.E 75,132,399 which includes land plot and buildings value of both the administration and sales buildings.
- On May 20, 2015 the company signed a contract with PIRAEUS company "for financial lease" to buy the aforementioned two buildings and the associated lands for an amount of 50,213,271 L.E. This amount has been paid in full and the medium term financial lease contract ended accordingly. Those assets have been recorded as fixed assets during 2015.

37. Long-term notes payable

This item is represented as follows:

	31/12/2015 L.E	31/12/2014 L.E
Total present value of the checks issued to New Urban Communities Authority which are due as of May 2, 2016	-	26,510,466
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from Jan 1, 2017 till Jan. 1, 2021.	650,000,000	750,000,000
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from October 9, 2016 till June 9, 2018.	885,589,183	1,540,327,440
Total present value of the checks issued to New Urban Communities Authority which are payable during the period from Jan 1, 2017 till Sep 8, 2019.	171,734,763	-
Unamortized interest	(257,013,119)	(395,836,904)
	1,450,310,827	**1,921,001,002**

- The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (48).

38. Real estate and land sales

The Group's operations are considered to fall into one broad class of business, sale of real estate units and lands and hence, segmental analysis of assets and liabilities is not considered meaningful. The Group's revenues can be analyzed as follows:

	2015 L.E	2014 L.E
Revenues from the sale of units in Allegria	311,008,691	449,174,975
Revenues from the sale of units in Kattameya Plaza project	75,541,804	181,265,083
Revenues from the sale of units in The Strip	54,177,412	102,398,003
Revenues from the sale of units in Forty West	106,112,718	184,306,533
Revenues from the sale of units in CASA	9,835,894	27,854,148
Revenues from the sale of units in Westown Residences	680,740,756	192,788,297
Revenues from the sales of Polygon	115,276,515	183,737,704
Revenues from the sales of Westown	49,364,280	-
	1,402,058,070	**1,321,524,743**
Sales return from Polygon project	(678,106)	(11,219,690)
	1,401,379,964	**1,310,305,053**

39. Cost of real estate and land sold

	2015 L.E	2014 L.E
Cost of sales of units in Allegria	155,287,095	239,935,542
Cost of sales of units in Kattameya Plaza	44,496,087	150,085,993
Cost of sales of units in The strip	24,705,475	42,931,667
Cost of sales of units in Forty West	78,084,236	148,551,089
Cost of sales of units in CASA	6,041,351	17,078,000
Cost of sales of units in Westown Residences	396,934,769	105,218,235
Cost of sales of Polygon	78,311,658	133,844,028
Cost of sales of Westown	6,120,967	-
	789,981,638	**837,644,554**
Cost of sales returns of Polygon	(533,408)	(7,583,624)
	789,448,230	**830,060,930**

40. Other operating revenues

	2015 L.E	2014 L.E
Interest income realized from installments during the year	64,060,477	43,979,165
Assignment, cancellation dues and delay penalties	59,494,559	47,150,929
Other income	3,357,028	4,226,005
Buildings leased revenue	1,365,782	2,204,548
Dividends share from sister companies	4,849,549	5,348,651
Capital gain	6,116,169	2,712,095
Provisions no longer required and reversal of impairment losses in debtors	191,524	16,697
	139,435,088	**105,638,090**

41. Selling and marketing expenses

	2015 L.E	2014 L.E
Salaries and wages	17,040,919	16,866,554
Sales commissions	47,498,256	39,801,772
Advertising expenses	26,805,098	24,708,452
Conferences and Exhibitions	1,630,444	4,738,674
Advertising events	3,595,629	-
Rent	8,135,862	15,738,053
Donations	203,750	156,740
Maintenance, cleaning and agriculture	2,140,861	1,951,005
Travel, transportation and cars	148,791	19,778
Professional and consultants fees	1,683,832	696,000
Gifts	860,064	207,204
Depreciation	494,732	180,147
Employees vacation	154,590	149,409
Fees and stamps	4,116,788	38,776
Others	2,264,234	1,557,898
	116,773,850	**106,810,462**

42. General and administrative expenses.

	2015 L.E	2014 L.E
Salaries, wages and bonuses (42-1)	85,015,281	84,995,682
Board of Directors' remunerations and allowances	7,457,195	10,302,379
Training, medical care, meals & uniforms	7,133,623	5,307,375
Specific employee benefits	3,639,081	-
Maintenance, cleaning, agriculture, security and guarding	21,186,587	16,829,716
Professional and consultancy fees	9,035,695	16,816,571
Advertising, exhibitions and conferences	1,435,135	823,176
Donations and gifts	3,500,148	3,858,155
Administrative depreciation of fixed assets and rented units	20,308,476	11,303,490
Reception and hospitality	1,535,609	1,334,263
Printings and office supplies	3,654,472	3,875,569
Communication, electricity, telephone and water	5,414,414	5,059,570
Subscriptions and governmental dues	2,197,715	1,869,093
Rent	5,772,295	10,982,817
Travel and transportation	1,949,240	1,408,903
Bank charges	4,087,424	2,957,661
Employees vacation	639,148	338,474
Insurance installments	596,832	395,315
Others	4,662,520	3,503,189
	189,220,890	**181,961,398**

42-1 This item includes salaries for the executive Board of Directors as follows:

	2015 L.E	2014 L.E
Salaries	5,387,324	4,670,550
Share based transaction (*)	(2,000,000)	-
	3,387,324	**4,670,550**

* The value of reversal of set aside for incentive and bonus plan for 200,000 shares which no longer required due to the termination of the incentives and bonus plan (Note 50) which have been deducted from wages and salaries expenses in the consolidated income statement during the year.

43. Other operating expenses

	2015 L.E	2014 L.E
Discount for early payment	22,781,500	48,883,317
Impairment losses in fixed assets	30,000,000	-
Provision of claims	200,854	171,305
Impairment losses of trade receivables debtors and loans to joints ventures	3,289,828	7,223,157
Loss from liquidation of investments	594,001	4,370,826
Penalties	14,042	521,473
Operating expenses of Leased building	4,632,120	-
	61,512,345	**61,170,078**

44. Finance income

	2015 L.E	2014 L.E
Interest income	78,480,062	52,691,701
Return on investment in treasury bills	48,743,435	2,804,268
Income from revaluation and sale of investments	-	97,630
Net foreign exchange translation	1,722,799	-
	128,946,296	**55,593,599**

45. Finance cost

	2015 L.E	2014 L.E
Interest expense	88,535,028	74,438,334
Installments interest Sheikh Zayed land	3,266,101	5,277,395
Net foreign exchange translation	-	6,026,349
	91,801,129	**85,742,078**

46. Income tax expense

	2015 L.E	2014 L.E
Current income tax expense	99,300,288	45,200,962
Deferred income tax (benefit)	(2,607,570)	773,351
	96,692,718	**45,974,313**

47. Earnings per share

Earnings per share are calculated on December 31, 2015 based on the Parent Company's share in earnings for the year using the weighted average number of outstanding shares during the year as follows:

	2015 L.E	2014 L.E
Net profit for the year (parent company share)	310,707,489	142,443,522
Weighted average number of shares outstanding during the year	338,909,573	107,678,624
Profit per share (L.E / share)	**0.92**	**1.32**

48. Financial instruments

48-1 Credit risk

Exposure to credit risk

The carrying amount of financial assets represented in the balances of trade and notes receivables, debtors and cash and cash equivalent, loans to joint venture and investments in trading securities.

The maximum exposure to credit risk as at December 31, 2015 amounted to L.E 8,979,041,233 (December 31, 2014: L.E 7,012,644,813).

48-2 Liquidity risk

The following are the contractual maturities of financial liabilities:

December 31, 2015	Carrying amount L.E	Less than 1 year L.E	1-2 years L.E	2-5 years L.E
Banks – credit facilities	50,027,276	50,027,276	-	-
Banks - overdraft	-	-	-	-
Short - term loans	123,335,275	123,335,275	-	-
Long – term loans	996,163,619	-	225,671,359	770,492,260
Contractors and suppliers	101,828,393	101,828,393	-	-
Other creditors	923,278,621	634,446,112	278,327,847	10,504,662
Notes payable – long term	1,450,310,827	-	730,439,473	719,871,354
Notes payable – short term	741,005,551	741,005,551	-	-
	4,385,949,562	**1,650,642,607**	**1,234,438,679**	**1,500,868,276**

December 31, 2014	Carrying amount L.E	Less than 1 year L.E	1-2 years L.E	2-5 years L.E
Banks – credit facilities	158,845,076	158,845,076	-	-
Banks – overdraft	1,373,763	1,373,763	-	-
Short-term loans	78,117,009	78,117,009	-	-
Long – term loans	961,037,423	-	225,671,359	735,366,064
Contractors and suppliers	89,252,372	89,252,372	-	-
Other creditors	594,964,708	354,286,261	213,023,249	27,655,198
Notes payable – long term	1,921,001,002	-	679,044,377	1,241,956,625
Notes payable – short term	634,347,950	634,347,950	-	-
	4,438,939,303	**1,316,222,431**	**1,117,738,985**	**2,004,977,887**

48-3 Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk with main currencies was as follows:

December 31, 2015

Description	USD	Euro
Cash at banks	2,552,111	295,048
Notes receivables	11,767,591	-
Creditors and other credit balances	(338,856)	-
Surplus of foreign currencies	**13,980,846**	**295,048**

December 31, 2014

Description	USD	Euro
Cash at banks	1,944,671	273,963
Surplus of foreign currencies	**1,944,671**	**273,963**

48-4 Interest rate risk

At the date of consolidated financial statements, the interest rate profile of the Group's financial instruments was as follows:-

	Carrying amount	
Fixed rate instruments	31/12/2015 L.E	31/12/2014 L.E
Financial assets	8,640,843,517	4,858,949,871
Financial liabilities	(2,191,316,378)	(2,555,348,952)
	6,449,527,139	**2,303,600,919**
Variable rate instruments		
	(1,169,526,170)	(1,199,373,271)
Financial liabilities	**(1,169,526,170)**	**(1,199,373,271)**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the consolidated financial statements date would not affect the consolidated income statement.

48.5 Fair values

Fair values versus carrying amounts

The main financial instruments for the Company are represented in the balances of cash at banks, investments, trade and notes receivables, its associates, suppliers, contractors, notes payables, creditors and other credit balances and the monetary items included in debtors and creditors. The main purpose of these instruments is to finance the Company`s activities.

According to the applied evaluation basis in evaluating the Company's assets and liabilities the carrying amounts for these financial instruments shows reasonable evaluation for their fair values.

49. Transactions with related parties

Related parties are represented in the Parent Company' shareholders, Board of Directors, executive directors and companies in which they own directly or indirectly shares giving them significant influence or control over the Group. The Parent Company made several transactions with related parties during the year and these transactions have been made in accordance with the terms determined by the Board of Directors of the Group and all transactions excluded added value.

Summary of significant transactions concluded during the year and the resulting balances of the related parties at the consolidated balance sheet date were as follows:-

a- Transactions with related parties

Party / Relationship	Nature of transaction	31/12/2015 Amount of transaction L.E
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	(See note No. 42).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	520,951
	Management fees	–

b- Balances resulting from transactions with related parties

Party	Item as shown in the consolidated balance sheet	31/12/2015 L.E	31/12/2014 L.E
Bonyan Development and Trade Co.	Creditors and other credit balances	107	107
Palmyra – SODIC for Real Estate Development	Loans to Joint Ventures	190,146,793	189,625,843
	*Accrued interest on loan under debtors caption	65,482,130	65,482,130
	Accrued management fees under debtor caption	35,191,620	35,191,620

* Impairment in dues from Palmyra – SODIC for Real Estate Development has been recorded as its described in note No.(9)

50. Legal status

There is a dispute between the parent Company and another party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of the third party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary sentence was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times On November 24, 2014 6 of October partial court decided to dissuade its decline decree of previous proof procedures dated February 22, 2010 and the last one will be held on March 19, 2016.

The parent Company's legal counsel is of the opinion that the parent Company has the right to maintain and exploit this land under the contract as the said contract has not been affected and no usufruct right has been arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the parent Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land till settlement of this dispute in front of court.

51. Tax status

On June 4, 2014, Law No. (44) For the year 2014 has been issued to impose a temporary three year additional tax amounting to (5%) starting from the current taxable period. This additional tax is imposed on the tax pool over an amount of One Million Egyptian pounds by individuals or corporates as stipulated in the articles of the Income tax Law. This additional tax should be assessed and collected according to those articles. This law came into force starting from June 5, 2014.

On June 30, 2014, Law No. (53) For the year 2014 has been issued by a presidential decree. This law included amendments for some articles of Law No. (91) For the year 2005. The most important amendments are as follows:

- Imposing a tax on Dividends.
- Imposing a tax on the capital gains resulted from sale of capital contribution shares and securities.

On August 20, 2015, Law No. (96) For the year 2015 has been issued by a presidential decree. This law included amendments for some articles for income tax of Law No. (91) For the year 2005 and the decision No. (44) For the year 2014 that imposed the temporary additional tax on income, this decision will be implemented from the day following its publication, the most important amendments are as follows:

- Decrease the income tax rate to be 22.5% of net annual profit.
- Adjusting the period of imposing the temporary tax 5%.
- Adjusting the tax imposed on dividends.
- Suspend the imposition of capital tax on the total of the exchanged securities listed for 2 years starting from the 17th of May 2015.

Summary of the Company's tax status at the consolidated financial statements date is as follows: -

Corporate tax

- A ten years corporate tax exemption period starting from the year following the date of the activity inception as of 1/1/1998 until 31/12/2007 has been previously granted to the Parent Company according to Law No. 59 of 1979 concerning the New Urban Communities.
- During the month of January 2011, the Company submitted a request to the Tax Authority demanding the amendment of the tax exemption period to start from the date of the actual handing over of the units in the year 2002.
- On January 18, 2011, the Disputes Dispersal Committee of the Tax Authority considered and studied the Company's request in the light of the date of the actual handing over of the units and the regulations applicable to similar companies. Accordingly, the said committee decided to approve the Parent Company's request thus considering the date of the actual business activity of the Company to be the year 2002, hence, the Parent Company shall be entitled to tax exemption from 1/1/2003 to 31/12/2012, and the amendment was annotated in the Company's tax card. The amended tax return for year 2008 was submitted to the Tax Authority.
- Years from 1996 till 2004 has been inspected and the company were notified and tax differences are under settlement.
- Inspection has been notified for the year 2006, by the tax form (19) with the date of April 29, 2012 as an estimation, it has been appealed as of May 3, 2012, re-inspection request has been submitted for the year 2006, and re-inspection is carried on and no claims have been informed to the company till the date of the authorization of the financial statements.
- On April 2, 2013 The Company has been notified by form (19) for 2007, 2008 approximately, on April 9, 2013 the company has appealed and it has been returned to the appeal committee, which issued its decision to return the file to large tax payers for re-inspection, and no claims have been informed to the company till the date of authorization of the financial statements.
- On April 7, 2015 The Company has been notified by form (19) for the inspection of the years 2009, 2010 approximately, on April 7, 2015 the company has appealed, and the inspection has been carried out and no claims have been informed to the company till the date of the authorization of the financial statements.
- The company has been notified for the tax period from 2011 till 2013, with the tax inspection form (32), and the inspection did not take place till the date.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005.

Salary tax

- Tax inspection was carried out for the previous years till the year 2004 and the tax claims have been paid.
- Years from 2005 till 2012 are under inspection and the Company has not received any tax claims till the date of authorizing of these financial statements for issuance.

Withholding tax

- Tax inspection has been carried out till the third quarter of the year 2015, and the Company has not received any tax claims till the date of authorizing of these financial statements for issuance.

Stamp tax

- Tax inspection was carried out for the previous year till December 31, 2012 and tax differences have been fully paid.
- The company regularly provides stamp tax returns.

Sales tax

- The Company was inspected from inception till December, 2013 and tax differences were paid.
- The company regularly provides sales tax returns.

Real estate property tax

- The Company submitted its real estate property tax returns of year 2009 on due dates in accordance with Law No. 196 of 2008.

52. Capital commitments

Capital commitments as at December 31, 2015 amounted LE 4,482,877 is represented in contracted and unexecuted works (December 31, 2014: L.E 13,725,010).

53. Incentive and bonus plan of the Parent Company's employees and managers

- On 16 October 2006, the Company's Extra - Ordinary General Assembly unanimously agreed to approve the incentive plan of the parent Company's employees and managers and authorizing the Company's board of directors to issue million shares with a fair value of L.E 100 per share (before splitting) and appointing an independent committee for supervising the execution of this plan formed by non – executive members in the board of directors, and the allocated shares for the plan had been increased by additional 500,000 shares.
- On February 1,2015,the general assembly has approved upon the following ;
- The current Bonus and incentive plan ended on March 31, 2015, and the company converted the remaining 737,500 shares which have its rights unexercised into treasury shares according to the relevant governing regulations.
- Implementation of new Bonus and incentive plan through appropriating shares characterized by favorable conditions in respect of both employees and executive directors.
- On May 31, 2015, the Egyptian Financial Supervisory Authority notified the company that the authority has nothing against carrying out the procedures of converting the number of 737,500 shares out of the shares of the bonus and incentive plan system for employees to treasury shares with a new code both with Egyptian Stock Market, Misr for Clearing and Settlement and Central Depository (MCSD), applying the legal provisions and rules regarding dealing with treasury shares.
- On July 14, 2015, 737,500 shares out of the shares of the bonus and incentive plan system for employees, managers and executive directors have been converted into treasury shares.
- On September 3, 2015, the parent company extraordinary general assembly has approved the termination of the incentive and bonus plan system for employees, managers and executive board members of the parent company, which was authorized by the Extraordinary General Assembly of the parent company on February 1, 2015, and was not submitted to the Egyptian Financial Supervisory Authority for authorization, as well as canceling all its related effects.
- On January 20, 2016 the parent company extraordinary general assembly has approved the implementation of new bonus and incentive plan through appropriating shares with special conditions for employees, managers and executive directors in the parent company.

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