

SODIC ANNUAL REPORT



TWENTY-FIVE YEARS
SPECIAL EDITION

1996 – 2021



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TWENTY — FIVE YEARS.

OVERVIEW

ABOUT US

SODIC is one of Egypt's leading real estate developers. This year, SODIC celebrates 25 years of developing Class-A, large-scale, mixed-use communities in West Cairo, East Cairo and the North Coast, bringing to the market award-winning developments that cater to the country's ever-growing need for high-quality residential, commercial and retail property.

Since our inception in 1996, SODIC has operated with a deep-rooted belief that there is infinite untapped potential in the outskirts, away from the congested city centre. There lies the opportunity for us to provide residents with a radically improved quality of life and, through that proposition, deliver to our investors.

A customer-focused developer, SODIC is driven by a progressive vision with innovation at the heart of everything we do. Our purpose is to deliver sustainable communities to our residents, honoring their diversity and choice of SODIC for such a long-term commitment.

Headquartered in Cairo and listed on the Egyptian stock exchange (EGX) under OCDI.CA, SODIC is one of the few non-family-owned companies traded on the EGX, prudently run by management through a strong corporate governance framework.

OVERVIEW



DELIVERING VALUE

For the past 25 years, we have been driven to outperform, delivering value to all our stakeholders. We do this by leveraging our strong culture and values, focusing on our customers and delivering progressive projects that we continue to reinvest in. This approach enables us to grow our sales and cash flows, creating significant and reliable returns for our shareholders.

Our well-diversified land bank, prime asset portfolio and strong balance sheet provide us with solid footings to deliver to all our stakeholders. We are prepared to meet the rising demand for quality housing and commercial space with almost 6 million sqm of unlaunched land in our key markets of East and West Cairo and the North Coast.

We are constantly diversifying and strengthening our investment portfolio, building a portfolio of recurring revenue assets within our existing mature developments. We have earmarked over 115,000 sqm of prime completed or near-completion assets in our flagship city SODIC West. In addition, some 40,000 sqm in our East Cairo flagship commercial and retail asset ENDC will be on the market by 2022. This is just the beginning of SODIC's strategic commitment to creating a strong and diverse recurring revenue portfolio.

THE CONTINUOUS REINVESTMENT

Since its inception in 1996, SODIC has viewed its relationship with its residents as a lifetime commitment, which is why we reinvest in our developments – our flagship development SODIC West is solid proof of delivering on this promise. With mixed-use facilities constantly being added to our developments, SODIC creates value that is there to last. We know there is always more to be done; we do not rest on our success – we need to remain ahead of the game by offering our +25,000 residents the chance to experience a unique lifestyle; exceptional, dynamic and up to date. This is why SODIC is in a constant state of change, always venturing into the new.

A LEGACY OF 25 YEARS

This year, SODIC celebrates its 25th anniversary. In 1996, SODIC laid the foundation for the Sheikh Zayed we know today with Beverly Hills. This single residential development has now developed into the vibrant city of SODIC West, and we're doing it again with our new next-generation projects.

Our large-scale, mixed-use communities in West Cairo, East Cairo and the North Coast are home to residential developments, office spaces, schools, medical establishments, entertainment facilities, sports clubs and retail establishments that provide services to a wide segment of people. They serve a community of homeowners, residents, tenants and business owners.

Over the past 25 years, SODIC's business has grown to encompass various activities and services, all relating to real estate development. This includes the development of land, selling, purchasing, leasing and/or managing commercial and residential properties and managing sports and entertainment facilities.

We also manage communities via our facility management subsidiary, Edara, which offers our residents and occupants an array of services, including security, gardening and landscaping, as well as cleaning and maintenance.

Catering to Egypt's growing need for residential, commercial and retail establishments away from Cairo and urbanizing new cities with unquestionable commitment to quality and delivery on time is our true legacy.

خمسة وعشرون عاماً

WHERE WE OPERATE

Solid presence in three main markets:
East and West Cairo, and the North Coast



COASTAL
PROJECTS

caesar

june

C.16 mn sqm

OF TOTAL LAND

60%

DEVELOPED

WEST
CAIRO
PROJECTS

EAST
CAIRO
PROJECTS

SODIC
WEST

OCTOBER
PLAZA

THE ESTATES
NEW ZAYED

V Y E

Karmell
New Zayed

SODIC
EAST
NEW HELIOPOLIS

VILLETTE
NEW CAIRO

EASTOWN
NEW CAIRO

KATTAMEYA
PLAZA

5 REASONS TO INVEST

01. THE VISIBILITY

SODIC enjoys a healthy, solid and diversified project portfolio that allows for strong visibility of the company's future performance. A sales backlog of some EGP 21 billion offers visibility into our future revenues. Some EGP 16 billion of receivables provide for strong cash flow visibility, and a sizable land bank of almost 6 million sqm offers nine to ten years of sales visibility in all our markets. Over EGP 90 billion of future sales are expected to be generated from existing projects.

02. DIVERSITY AND QUALITY OF OUR LAND BANK

The diversity we have built into our portfolio mitigates concentration risks – an indispensable quality in today's business world. This diversity allows us to spread our future sales across all our main markets while offering differentiated products addressing different market needs. This, in turn, provides the company as a whole with the resilience it needs to face interruptions in any specific market or project.

03. THE RECURRING REVENUE GENERATING ASSETS

SODIC is building an investment portfolio of prime leasable assets in our mature developments to create future recurring revenues for the company, anchoring value in our developments and our stock. The portfolio has the potential to deliver some EGP 600 million of recurring revenue by 2024.

04. THE DISCIPLINE

Our extensive experience in developing projects and managing them, based on our understanding of the customer and our deeply rooted, disciplined approach to managing the business, drives incremental value for SODIC and its stakeholders. The fact that SODIC is a non-family-owned business, prudently run by management under a strong governance framework for the past 25 years, allows the company to practice outstanding discipline, the kind that leads to delivering ahead of schedule 91% of the time.

05. THE DIVIDEND YIELD

Supported by our liquid balance sheet, solid financial performance and strong cash flows, SODIC distributed cash dividends for 2018, 2019 and 2020, bearing testament to our commitment to having a sustainable distribution to our shareholders.

Section II – Managing Director’s Letter

25 YEARS OF LEADERSHIP

MAGUED SHERIF

Managing Director



25 YEARS OF LEADERSHIP

This year has definitely been different. Despite the global pandemic and all the challenges that came with it, SODIC managed to follow through on its commitments, achieving record sales and meeting its delivery schedule. This year is also the year we celebrate our silver anniversary. It has been 25 years since SODIC's inception.

Twenty-five years ago, SODIC laid the cornerstone for Sheikh Zayed, setting the foundation for what it is today. We started our journey in 1996 by purchasing our first plot of land to develop our first master-planned mixed-use community in Cairo's western outskirts. Today, SODIC West is a one-of-a-kind mixed-use integrated development, home to over 6,000 families with a daily footfall of over 18,000 visitors.

Once a company with a single development in West Cairo, SODIC expanded into East Cairo in 2010 and the North Coast in 2015, and now encompasses 10 master-planned integrated projects, which house almost 30,000 residents today.

WHAT SETS SODIC APART

SODIC's reputation for delivering on its promises and exceeding its customers' expectations throughout its 25 years is a result of deeply engrained discipline and strong governance. What sets us apart in a highly competitive market is our disciplined approach to running the business, being one of the very few real estate developers – and EGX-listed companies – that are non-family owned. This disciplined approach is behind our 91% delivery-ahead-of-time rate and is how we have always weathered challenging times.

In a challenging year like 2020, this disciplined approach is how we were able to run the business without compromising our targets. The year 2020 was a record year for sales, with gross contracted sales reaching EGP 7.4 billion. Our strong legacy is what drives our sales. We also managed to meet our guidance and deliver 1,162 units across our projects, despite the periods of disruption to operations. We are proud of how this year was managed and believe it to be a true testament to our level of commitment to all our stakeholders.

CHANGE IS THE ONLY CONSTANT

For more than two decades, people have been migrating from congested Cairo, looking for an improved quality of life. And while demand for housing in the outskirts of Cairo is growing, it is also changing. Whereas the first buyers in these new urban communities looked for large spaces with luxurious amenities and facilities within their properties, this new generation is aspiring for efficient and sustainable living spaces that are more accessibly priced, with access to shared amenities and services that meet their changing needs. They are looking to be part of a larger ecosystem, connected in a way that responds to their values and aspirations.

In the real estate industry, relevance is everything. Keeping up and staying ahead of customers' changing living needs is how leadership is upheld. Much in the same way that SODIC was the first developer to inaugurate Sheikh Zayed, it was also the first to set the cornerstone for New Zayed, home to our next-generation projects: the innovative VYE and Karmell on the 500-acre plot, as well as our signature community, The Estates.

COMMITMENT TO PEOPLE

Our people-first approach to running the business has been paying off since the very beginning. Once COVID-19 was declared a global pandemic, we took all possible measures to ensure the safety of all of our stakeholders. We prioritized the safety and well-being of our communities and protected our employees whilst ensuring business continuity.

In the months following the outbreak, we redirected our marketing resources towards raising awareness of COVID-19, allocating EGP 5 million to initiatives related to the crisis, including but not limited to donating medical equipment to hospitals and commissioning fully equipped portable quarantine units for several hospitals.

It is this commitment to people, especially in the most strenuous and challenging times, that is the true driver of our growth. It is a value we shall continue to proudly uphold.

THE GO-TO INVESTMENT

Despite a turbulent first half of the year, real estate stood its ground as the go-to investment in Egypt. The interest rate cuts by the Central Bank of Egypt and the rising demand for better-quality homes with open green spaces that resulted from the pandemic have driven demand for the gated community lifestyle. We believe in the solid demand drivers for the property market in Egypt. Our targeted growth for 2021 echoes our confidence in the Egyptian real estate sector and reiterates SODIC's commitment to delivering value. Looking ahead, 2021 will be an exciting year. We are set to re-establish our presence in the North Coast with the launch of June. We will also be delivering our first homes in SODIC East, marking a new beginning for us in East Cairo. Our investment portfolio is also progressing well, with several assets slated for completion during the year.

MAGUED SHERIF

Managing Director

Magued Sherif



Section III - CFO Letter

25 Years of Delivering Value to Our Shareholders

OMAR ELHAMAWY

Chief Financial Officer



2020

25 YEARS OF DELIVERING VALUE TO OUR SHAREHOLDERS

SODIC started with a single development in 1996, and has now grown to 10 world-class, master-planned, mixed-use communities. In the past 10 years, SODIC has achieved significant financial growth. Our revenues have grown almost tenfold since 2010, exceeding EGP 5.5 billion in 2020, while net profit has increased over fivefold since 2010 to EGP 820 million in 2020. Our gross contracted sales have grown over 300% since 2010 to reach EGP 7.4 billion in 2020.

Our disciplined approach to doing business is really what sets us apart. It allows us to continue doing what has made SODIC what it is today: the most prominent first mover and mixed-use in Egypt's real estate market.

A RECORD YEAR AMIDST DESPERATE TIMES

Despite the challenges posed by the COVID-19 outbreak and the measures taken in response during the year, we have managed to deliver a new record for gross contracted sales and to achieve our initial guidance for deliveries.

The pandemic impacted our operations, with cancellations increasing to 17% of gross contracted sales in the first half of 2020 as a reflex to the pandemic. That number improved as conditions stabilized, trending down to 7% of gross contracted sales during the fourth quarter of 2020. Overall, cancellations for the year stood at 14% of our gross contracted sales, and excluding the effect of a bulk transaction that was canceled in the third quarter, the cancellation rate for 2020 would amount to 10% of gross contracted sales.

The pandemic also presented an opportunity; the lockdown accentuated the demand for quality housing within well-serviced gated communities with ample open spaces that provide a healthier and safer lifestyle. This was echoed in gross contracted sales of residential units, which witnessed a 19% year-on-year increase, reaching EGP 7.2 billion, driven by the strong performance of our next-generation projects.

IT'S ALL ABOUT CREDIBILITY

SODIC has a strong reputation for delivering ahead of schedule, which we do 91% of the time. Our customers and shareholders know that, whatever the challenges our approach will lead us to deliver on our promises.

While 2020 witnessed some temporary disruptions to work on our construction sites, we managed to deliver 1,163 units on time across our projects, meeting our guidance of 1,150 units. This is a testament to the discipline SODIC enjoys, a discipline that allows us to function through unprecedented challenges. Our quick mitigating action coupled with our strong and liquid balance sheet gave us room to redirect our resources flexibly during the crisis.

FINANCIAL PERFORMANCE

While our revenues came in almost flat year on year, our gross profits grew 15%*, hitting EGP 1.8 billion, with gross profit margins surging a good 700 bps* to reach 32%, mainly on the back of margin improvement in Villette as we continued to deliver more advanced phases of the project. This increase in gross profit margins was also driven by a more profitable delivery mix, with deliveries on mature Easttown Residences accounting for 33% of delivered value. Our operating profit increased 42%*, reaching EGP 1 billion and reflecting an operating profit margin of 18%, implying an improvement of 700 bps* on the back of higher gross profits and an increase in other revenues namely from penalties on delayed client payments. Our cash collections reached EGP 4.3 billion. SODIC's net profit after tax and non-controlling interests grew by 13%* year on year, recording EGP 820 million in 2020 and delivering a net profit margin of 15%.

**DELIVERIES AHEAD
OF TIME**

91%

**OPERATING PROFIT
INCREASED**

42%*

**GROSS PROFITS
GREW**

15%*

NUMBER OF UNITS DELIVERED

1163 UNITS

SODIC'S NET PROFIT IN 2020

820 MILLION EGP

THE STRONG BALANCE SHEET

One of the main reasons SODIC was able to weather through the pandemic and actually grow in numbers is our strong and liquid balance sheet. As at year-end 2020, our cash and equivalents came in at EGP 2.2 billion, which, in addition to some EGP 4.4 billion in short-term receivables, reflects a strong liquidity position to finance project completions and operating costs.

LEVERAGING UP

As interest rates continue to decline, with rates cut by more than 10% since 2018, we are bringing down our cash position and increasing our leverage to finance our investment portfolio of leasable assets and to benefit from the improving interest rate environment. In 2020, SODIC signed an EGP 2.57 billion facility with one of Egypt's leading lenders to finance our East Cairo project, Villette. This agreement comes in line with our strategy to create a sizable portfolio of prime assets that will contribute to our recurring revenue in the future. This facility follows the EGP 1 billion facility signed in 2019 to partially finance the investment cost of our flagship East Cairo commercial-retail asset, EDNC. We are also exploring new methods of financing, including securitization. By the end of 2020, our leverage stood at a low 0.37x equity, with EGP 2.3 billion of debt outstanding out of EGP 5.4 billion of committed facilities.

OUR COMMITMENT TO SHAREHOLDERS

SODIC's Board of Directors has proposed the distribution of a cash dividend of EGP 0.55 per share, subject to the approval of the Ordinary General Assembly. The proposal to distribute dividends for the third year in a row, despite the uncertainty caused by the ongoing COVID-19 pandemic, is a testament to the management's confidence in the future prospects of the company and the resilience of the sector. It also demonstrates SODIC's commitment to sustainable distribution to shareholders, backed by SODIC's liquid balance sheet, solid financial performance and strong cash flows.

*2020 pre reclassification and EAS impact growth over 2019 comparable figure.

EAS/IFRS EARLY ADOPTION AND RECLASSIFICATIONS

We have opted for the early adoption of EAS/IFRS amendments to the FY2020 financial statements, namely EAS 47, 48 and 49, which correspond to IFRS 9, 15 and 16, respectively. These amendments will be mandatory in 2021. In addition, we have implemented some reclassifications and changes in the presentation of our financial statements to provide a better representation of our liabilities to our clients while decreasing total liabilities and enhancing leverage ratios.

LOOKING FORWARD TO 2021

Our sales guidance for the year is EGP 8.8 billion, a 19% growth, mostly from residential units, as we retain prime commercial assets for our investment portfolio. We also expect to deliver 1,200 units across our projects, with an estimated revenue of EGP 7 billion.

With the rollout of the vaccination world-wide and business returning to normal, we are expecting to deliver another year of solid growth in 2021.



Section IV

2020 IN NUMBERS



The Estates 14%,
VYE 32%,
Karmell 6%,
Others 9%

WEST CAIRO**61%**

Villette 22%,
SODIC East 13%,
Others 3%

EAST CAIRO**39%**

GROSS CONTRACTED SALES

Our gross contracted sales registered a new company record in 2020, reaching EGP 7.4 billion. Our residential sales saw a 19% year-on-year surge, recording EGP 7.2 billion, while our non-residential sales accounted for 3% of our gross contracted sales in 2020 versus 17% in 2019. Such results deliver on SODIC's strategy to grow residential sales while retaining prime assets for lease.

Our projects in West Cairo continue to fuel our growth, building on our strong brand equity in that market. West Cairo projects contributed 61% to our sales during the year, mainly driven by our sales from the Estates, VYE and our newest launch towards the end of 2020, Karmell, our second development on the 500-acre plot in New Zayed.

Our performance in East Cairo was equally impressive, whereby we doubled our sales in SODIC East, our next generation project being developed over 655 acres in New Heliopolis.

Excluding our North Coast project, which was targeted to contribute circa EGP 1 billion to our sales guidance, our sales performance surpassed management guidance in 2020. The project faced permit delays, so its launch was postponed to 2021. With the plot jurisdiction transferred to the New Urban Community Authority (NUCA), we are closer to finalizing the required approvals.

Operational Review

DELIVERIES

SODIC delivered some 1,163 units during 2020, meeting our guidance for 1,150-unit handovers. Deliveries were driven by East Cairo projects, namely Eastown Residences and Villette, making up 531 and 146 of the delivered units, respectively, while West Cairo projects accounted for 424 units of the company's 2020 handovers.

DELINQUENCIES

Delinquencies increased during the first half of the year due to the uncertainty caused by the COVID-19 outbreak but continued to trend downwards as the situation stabilized and economic activity resumed. Overall, 2020 witnessed delinquencies at 8%, compared with 6% in 2019.

CANCELLATIONS

Despite increasing to record 17% of gross contracted sales during the first half of the year as a consequence of customers' initial response to the outbreak. As conditions improved and the initial panic subsided, cancellation rates started to trend downwards, reaching 7% of gross contracted sales during the fourth quarter. Cancellations for the year were recorded at 14% of our gross contracted sales. Excluding the effect of a bulk transaction that was canceled in the third quarter, the cancellation rate for 2020 would stand at 10% of gross contracted sales.

CASH COLLECTIONS

Net cash collections reached EGP 4.3 billion, compared with EGP 4.6 billion in 2019.



Eastown Residences: 531
Villette: 146
Other: 1



Caesar: 61 units



Residential

October Plaza: 152 units
One16: 71 units
The Courtyards: 62 units
Forty West: 27 units
Others: 6

Commercial

SODIC Medical District: 54 units
The Portal: 27 units
The Polygon: 10 units
The Strip II: 5 units
Others: 10



Financial Review

SODIC has chosen an early adoption of IFRS/EAS changes to its full-year financial statements for 2020. This change comes in addition to some reclassifications to enhance the presentation of our financial statements.

REVENUES

SODIC achieved EGP 5.6 billion in revenues during 2020. Revenues were impacted by the introduction of the amendments to EAS/IFRS on the FY2020 accounts, namely EAS 47, 48 and 49, which correspond to IFRS 9, 15 and 16, respectively. As a result, revenues include an amount of EGP 547 million, representing the significant financial component of installments collected from customers of units delivered during the year, accrued for the period from collecting the installment until the unit handover date, in compliance with EAS No. 48. Similarly, the cost of real estate sales includes an amount of EGP 547 million, representing the capitalized interest on installments collected from customers of units delivered during the year.

GROSS PROFITS

Gross profits amounted to some EGP 1.8 billion, implying a gross profit margin of 32%. Excluding the impact of the EAS amendments, gross margins would be 34%, compared with 27% in 2019. This improvement came on the back of margin improvement on Villette as we continued to deliver more advanced phases of the project, in addition to a more profitable delivery mix, as our mature project, Eastown Residences, led the year in terms of delivered value.

OPERATING PROFIT

SODIC recorded EGP 1 billion in operating profit in 2020, reflecting an operating profit margin of 18%. Excluding the impact of the new EAS amendments, operating margins would be 20%, compared to 13% in 2019. The improvement comes on the back of higher gross profit margins and the increase in other revenues.

NET PROFIT

Net profit after tax and non-controlling interests came in at EGP 820 million. Net profit margins improved to a record 15% as a result of the increase in operating profitability, but were negatively impacted by a 68% decline in net finance income due to the sharp decline in interest rates following CBE rate cuts during the year. Excluding the impact of adopting the new EAS amendments, net profit margins would be 16%, compared to 13% in 2019.

CASH BALANCE

SODIC continues to maintain a highly liquid position, with total cash and cash equivalents amounting to EGP 2.2 billion, excluding EGP 1.3 billion related to customer maintenance deposits as of year end 2020.

Historically, the cash and cash equivalents account on the company's balance sheet showed the total cash and cash equivalents balance, including amounts related to customer maintenance deposits. On the full year 2020 financial statements, the company has reclassified customer maintenance deposits from the cash and cash equivalents account to the debtors and other debit balances.

RECEIVABLES

Total receivables stood at EGP 15.8 billion, EGP 4.4 billion of which are short-term receivables (reflecting both on and off-balance sheet post-dated checks), providing strong cash flow visibility for the company. The new presentation of our receivables reports a total of EGP 2 billion of on-balance sheet receivables, reflecting only those relating to delivered units already recognized as revenue. The value of the receivables on hand, pertaining to undelivered units, will continue to be disclosed in the footnotes of the balance sheet as off-balance sheet post-dated checks. This amounted to EGP 13.8 billion at the end of the reporting period.

CLIENT DEPOSITS

Our total backlog of unrecognized revenue stood at EGP 20.7 billion as of the 31st of December 2020, providing strong revenue visibility for the company. This can be estimated as the sum of the advances from customers' accounts of EGP 7.6 billion and the off-balance sheet post-dated checks related to undelivered units of EGP 13 billion. Our year-end figures for 2020 reflect a new presentation of our advances from customers' accounts, offsetting uncollected post-dated checks received from customers of undelivered units (off-balance sheet post-dated checks) against advances from customers' accounts, to enhance the presentation of this liability by showing only the amounts collected, amounting to EGP 7.6 billion.

LEVERAGE - BANK DEBT TO EQUITY

Bank leverage remains low, with bank debt to equity at 0.37x. Bank debts outstanding were recorded at EGP 2.3 billion. During the year, SODIC signed an EGP 2.57 billion facility on Villette through one of its subsidiaries. SODIC has been gradually increasing leverage, mainly to finance investment in recurring revenue assets.

INVESTMENT PORTFOLIO

Investment properties under development have also been reclassified during the year, previously accounted for in Work in Process. As of year end 2020, a total of EGP 2.1 billion had been invested in properties under development for lease, reflecting our strategy to build a sizable recurring revenue portfolio.



📍 Edara disinfecting a house in Villette



COMBATTING COVID-19

As part of our commitment to our communities, once COVID-19 was declared a global pandemic, we redirected our efforts to keep our society safe, allocating EGP 5 million to initiatives related to the COVID-19 crisis.

Ventilators and monitors to:
Sheikh Zayed Specialized Hospital, Sheikh Zayed General Hospital and Imbaba General Hospital.

50
Fully equipped portable quarantine units
Abbassia Fever Hospital and Mansoura Chest Hospital.

21
Rooms in El Mahala Fever Hospital.

1,500
Protection packages including immunity boosters, sanitization materials and hygiene instructions to Ezbet Khairallah

Section V: **Special Report**

TWENTY-FIVE
YEARS OF SODIC.

25 YEARS AHEAD OF THE GAME

For the past 25 years, SODIC has been setting trends in real estate.

Innovation is and has always been at the heart of everything we do, from design and development all the way through to managing our communities. A first-mover since day one, SODIC was bold enough to venture into Cairo's undeveloped outskirts, where we knew the future was.

THE ASPIRATIONAL DEVELOPMENTS

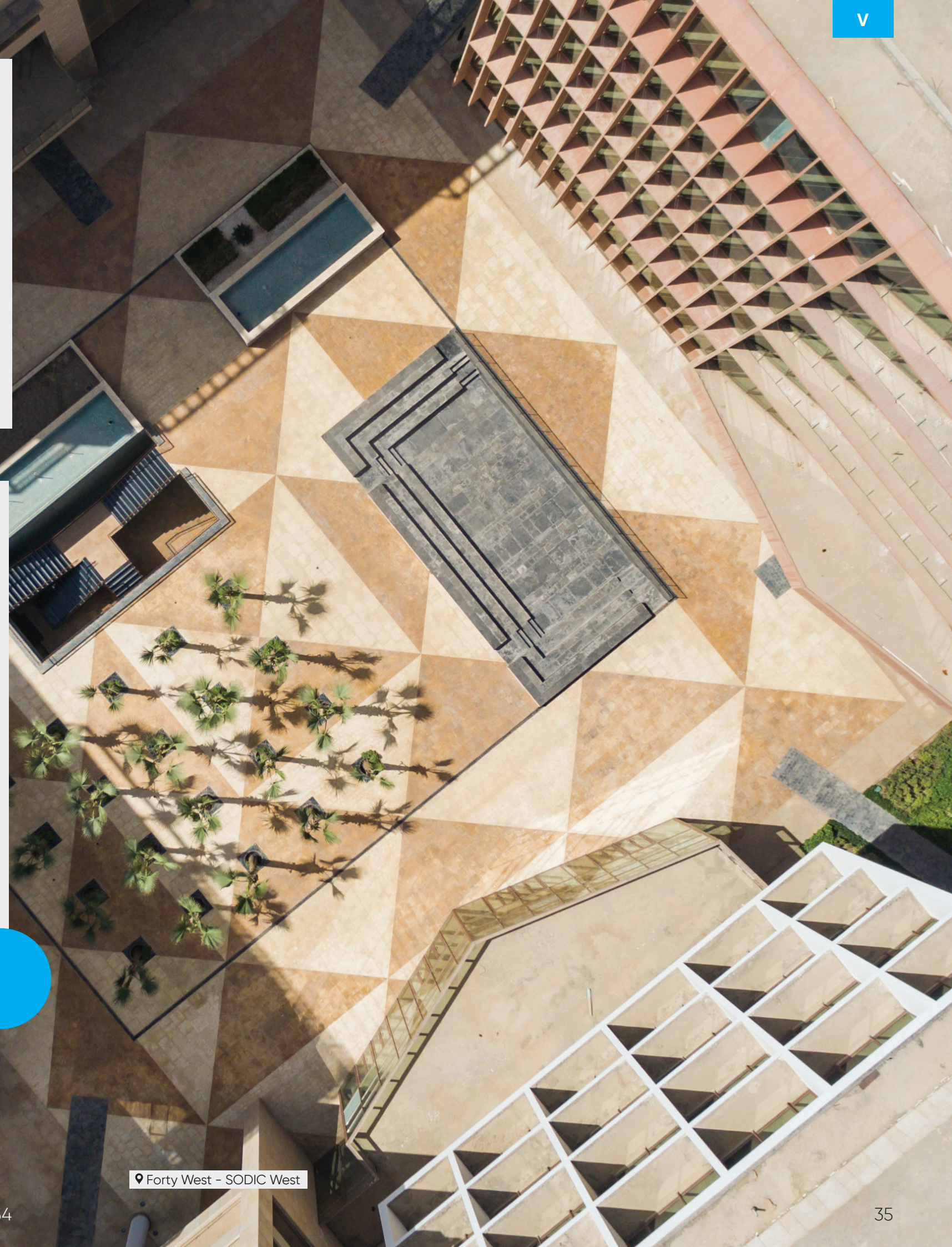
What started as a single development in West Cairo, known as Beverly Hills, has now emerged as SODIC West, home to Allegria, Forty West, Westtown Residences, Six West and many more residential and non-residential projects across our 1,500-acre mixed-use flagship development. Our portfolio has now grown into 10 projects across three different geographies in Egypt. SODIC has approached each new development with a fresh take, never recreating previous successes.

To live up to our reputation, we must be relevant to our customers. Our next-generation projects are designed to respond to our residents' need to be part of a larger, more sustainable ecosystem. And this innovative, young spirit is the driving force behind our new strategy and product offerings.

A WORD FROM A RESIDENT ON SODIC WEST

Yasmine Seoud moved to SODIC West from Mohandeseen five years ago. She now lives in Allegria and teaches yoga in SODIC's Club S. She lives with her husband and their two children (14 & 12), who go to the British International School Cairo (BISC).

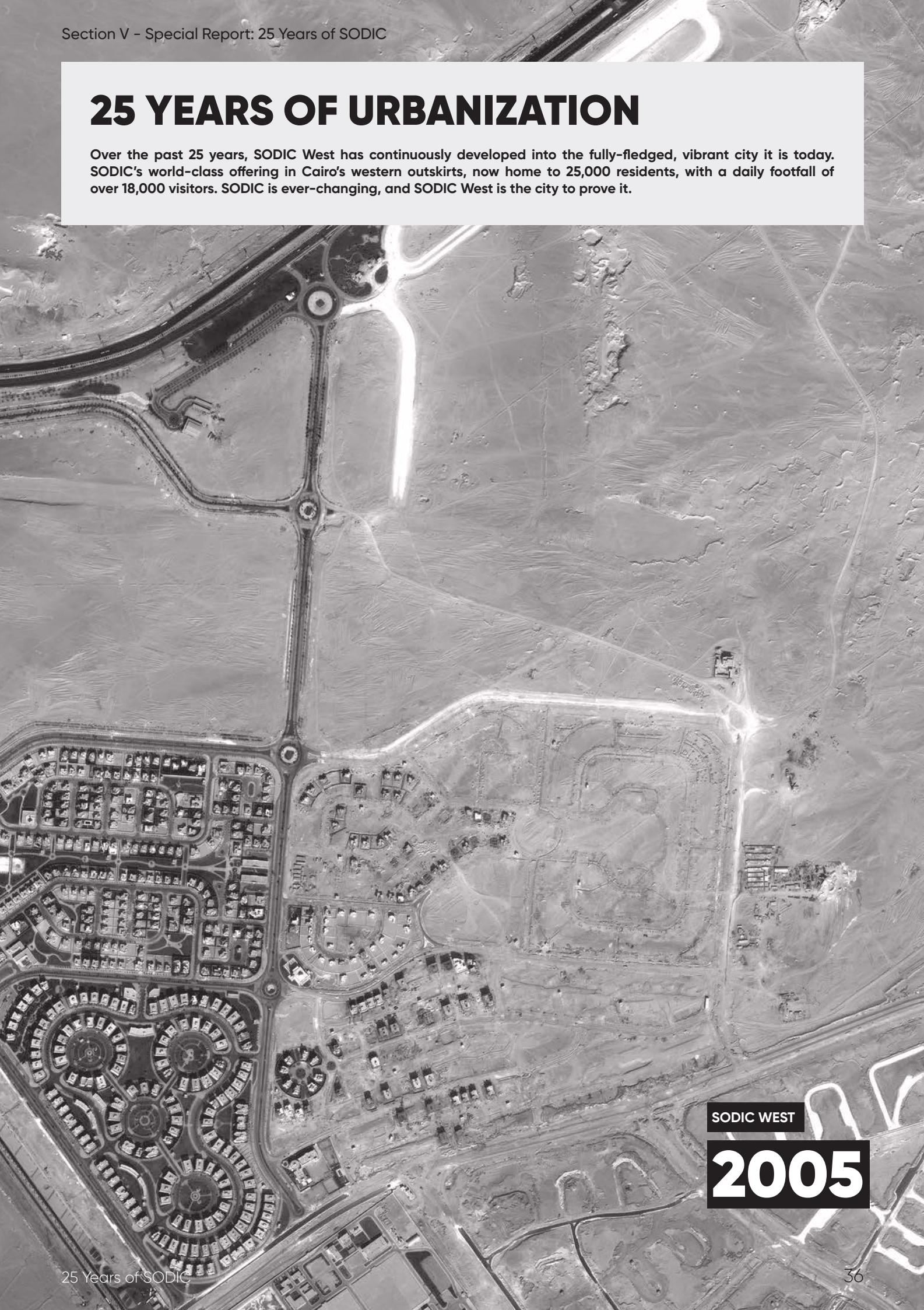
"We're fortunate that we don't have to leave most of the time. SODIC has kept on adding facilities to the community, and now we have everything we need here. The past two years have seen significant improvement; they continue to make life here more enjoyable and complete. It is the sense of community in SODIC West, not just Allegria, which sets SODIC apart from the rest: the sense of community, solidarity, the pedestrian feel, and the easy and serene lifestyle."



Forty West – SODIC West

25 YEARS OF URBANIZATION

Over the past 25 years, SODIC West has continuously developed into the fully-fledged, vibrant city it is today. SODIC's world-class offering in Cairo's western outskirts, now home to 25,000 residents, with a daily footfall of over 18,000 visitors. SODIC is ever-changing, and SODIC West is the city to prove it.



SODIC WEST

2005



SODIC WEST

2020

25 YEARS OF PORTFOLIO DIVERSIFICATION & EXPANSION

The continuous diversification of our portfolio is one of the strategies we rely on to create value for our customers and shareholders alike. This diversity is at the core of our business model, giving it the agility, stability and resilience needed to ensure its success.

SODIC AS WE KNOW IT

In 2006, we welcomed a new management team with a new vision of transforming SODIC into a luxury developer, launching Allegria one year later. This was followed by our upscale, mixed-use development, Forty West, in 2009; the same that SODIC ventured into the commercial sector with The Polygon and The Strip developments.

THE GEOGRAPHY

We also added some geographical diversity to our portfolio, acquiring 1 million square meters of land in Cairo's then up-and-coming eastern outskirts in 2008. In 2015, we expanded to the North Coast, launching Caesar.



THE RECURRING REVENUE

The year 2012 marked the beginning of a new direction for SODIC. We launched Westown Hub, our first leasable asset in SODIC West. With a mix of retail shops, high-end restaurants, cafés, and supermarkets, the project contributes rental income while significantly adding value and amenities for our residents in SODIC West.

In 2016, we launched SODIC Medical District, our first fully integrated medical facility in SODIC West, offering fully finished clinics for lease.

In 2018, we launched The Portal and The Strip II in SODIC West, capitalizing on the successes of The Polygon and The Strip. The Portal offers different-sized office units geared primarily at SMEs, while The Strip II is an extension of the successful The Strip launched in 2009.

Also, in 2018, we launched EDNC, the commercial component of Eastown and our flagship commercial and retail asset in East Cairo. Strategically located on Road 90 and immediately adjacent to the American University in Cairo (AUC), EDNC offers some 40,000 sqm of gross leasable area and will form the cornerstone of our recurring revenue portfolio in East Cairo. We are continuously adding assets to our investment portfolio, supporting our customers' living experience, anchoring value in our developments, and generating recurring revenue.

THE LANDBANK

In 2017, a presidential decree was issued rezoning the Al Yosr land plot to residential use, allowing for the monetization of the plot. One year after, SODIC was awarded a 500-acre plot in West Cairo under a partnership deal with NUCA, allowing us to set the cornerstone to New Zayed, similar to what we did with Sheikh Zayed, launching our next-generation projects, The Estates and VYE, in 2019, as well as Karmell in 2020.



THE CUTTING-EDGE PRODUCTS

Innovation and future thinking are a substantial part of all our offerings. Novel residential products include NEO, the first-of-its-kind expandable apartment within a multi-family building, and SOL, our unique solar-powered homes. Creative finishing solutions include Flexifinish, where we offer our customers the chance to finish their homes to their own taste without all the mess that comes with fitting out a home. Innovation extends to our investment portfolio of prime assets as well, such as Work-Plex, a new office-lease concept providing state-of-the-art office spaces and furnishings, customized to customers' unique needs and offered on a lease basis at The Portal Business Park in SODIC West, which we brought to the market in partnership with MOBICA.



25 YEARS OF OPERATIONS

- NUMBER OF DEVELOPMENTS
10
- UNITS SOLD
+15,000
- UNITS DELIVERED
+11,000
- PERCENTAGE OF UNITS DELIVERED AHEAD OF TIME
91%
- NUMBER OF RESIDENTS
+30,000
- NPS RANKED HIGHEST AMONG PEERS
+43
- LAND DEVELOPED/UNDER DEVELOPMENT
10 MILLION SQM
- LAND AVAILABLE FOR FUTURE DEVELOPMENT
6 Million sqm
- FUTURE SALES THROUGH EXISTING LAND
9-10 YEARS
- TARGETED GROSS LEASABLE AREA BY 2024
+250 THOUSAND SQM
- SODIC HQ ENERGY NEEDS PERCENTAGE SUPPLIED BY SOLAR POWER
95%
- NUMBER OF FAMILIES BENEFITING FROM CSR PROGRAMS ANNUALLY
+8,000

A WORD FROM A RESIDENT ON SODIC'S DIVERSE FACILITIES

Moataz El Deriny is a lawyer who used to live in Mohandeseen with an office in Zamalek. Moataz moved to SODIC West in 2011. He lives in Allegria with his wife and their three children (11, 8 & 5) and owns an office in The Polygon. El Deriny also owns a property in The Estates.

"For me, SODIC is life. I've been doing everything here in SODIC for the past 10 years. I make sure I have minimal commutes daily; my office, bank, club and gym are minutes away from home. Naturally, lawyers prefer downtown, but I'm a bit futuristic. Zamalek was full of construction work and getting too crowded by the minute. This is why I moved my office to The Polygon in 2017. It is almost fully occupied now. I used to be a client of a bank with a branch in Sheikh Zayed, which is really close to SODIC West, but once another bank opened a branch here, I switched banks to stay within the SODIC borders. I'm big on sports, and there are a variety of options to enjoy here. I joined the Allegria cross-fit team in 2013, then switched to the gym, and when Club S opened, I joined. Now, I go there every day. It's one of the things I appreciate most about SODIC; we have all the facilities we need here in this exclusive community; we even have a marriage registrar (maazoun). I consider myself lucky to live in SODIC West."

25 YEARS OF SUCCEEDING THROUGH CHALLENGES

SODIC has a long track record of successfully weathering challenging times. SODIC was the first developer to launch a project in 2011. Westown Residences sold out in 48 hours; a true testament to our customers' trust in the quality of our offerings and commitment to deliver on time.

In 2014, we also became the first developer to acquire a sizeable land plot after 2011 and the political turbulence that ensued, acquiring the 301-acre plot in New Cairo, where Villetta was launched.

A WORD FROM A RESIDENT ON SODIC AND ITS MANAGEMENT

Mohamed Talaat Khalifa is the CEO of Concrete. He moved to SODIC West from Maadi in 2007. He now lives in Westown with his wife and their two children (13 & 7) and three dogs. Khalifa also owns a beach house in Caesar and is considering buying SODIC properties for his children.

"I always like to brag that I witnessed SODIC through four different cases of force majeure: two revolutions, a tornado, and a pandemic, and I never thought of moving. I come from an investment banking background, and I would definitely invest in SODIC. It's a reliable company with a stable and consistent track record of delivery – ahead of time. It's an institution, not a one-man show or family business. I love this style. It is the business model I count on when investing in a property; I know the value of my asset will appreciate with time because SODIC is doing its best to maintain the reputation of the compound. This is what will send people to New Zayed.

I never even consider buying something bigger outside. I want to stay within SODIC's borders and enjoy Edara's services. I'm incredibly comfortable here. When I did move, it was from Beverly Hills to Westown. One of the best things here is their community management. They make life hassle-free."

25 YEARS OF MANAGING COMMUNITIES

A key differentiator for SODIC is its subsidiary, Edara. Established 10 years ago, the company is responsible for institutionalizing SODIC's efforts to provide its residents with the ever-improving quality of life it promises.

Eng. Ahmed Khamees, CEO of Edara, walks us through SODIC's facility management arm.

Q:

Edara is all about improving the quality of life for SODIC residents. How exactly does it add value to the SODIC community?

A:

Edara acts as a full solution for our residents. We provide an ever-expanding, wide range of integrated services. Further to attending to all security, landscaping, cleaning and maintenance of our residents and developments, We offer additional services that minimize our residents' need to leave the comfort of our gated communities.

From our finishing department to the real estate registration office, we develop our services to provide our customers with everything they need to maintain a safe, secure and stress-free life. This extends to investing in ambulances and firetrucks to support our emergency response capability, ensuring the safety of our residents.

On the more fun side, our cultural center, Tanweer, offers our residents diverse art, culture and entertainment courses and events, including a branch of the French cultural center.

Q:

How did Edara evolve as SODIC expanded?

A:

As SODIC grows, Edara takes over new projects. When Edara was established in 2010, we had 128 employees. Now, we have reached a total of 3,000 employees, offering our services to over 30,000 residents. Edara's efforts in 2020 had a massive impact on delivering on the SODIC promise of an exceptional quality of life, whether by how we managed the COVID-19 outbreak and its effect on our communities or how we managed to sustain our services during these challenging times.

Q:

How different are things now from when Edara first started? What has changed?

A:

Things are entirely different. We're in the middle of a very ambitious digital transformation plan in alignment with SODIC's strategy. Automation comes with many benefits, most importantly, the consistency and quality of the services we deliver, and cost and time reduction. All consumables are now better controlled after automation. We are using a state-of-the-art CRM system to guarantee the security of our customers' data. Sustainability is always in mind as we plan, develop and deliver our services. The new automated irrigation systems, our security bicycles, solar-powered security cameras, and the eco-friendly fertilizers we use are a few examples of our commitment to the environment. All these advancements have enabled us to achieve a significant increase in revenues in 2020 amidst the pandemic.

Q:

What's your outlook for 2021?

A:

Everything Edara does is in line with SODIC's new strategy, from digital transformation to putting our customers first to employee empowerment and sustainability. From automation to establishing our own plant nurseries, we're taking several measures to reduce maintenance costs. Our targets also include a seamless customer service experience, which entails continuous enhancements to our call center and upgrading our building to better receive our customers.

Q:

How did you manage through the COVID-19 crisis, during the outbreak, and for the whole year?

A:

We took every measure to ensure the safety and wellness of our communities and employees amidst the pandemic. We offered our residents a home sanitization service to ensure their safety and health. Our wide range of services allowed us the ability to respond appropriately to the health crisis without affecting our financial performance.

إدارة

A WORD FROM RESIDENTS ON KIDS' SAFETY IN SODIC

While interviewing our three residents, it was remarkable how they all shared the exact feeling about their children's living experience in SODIC. They all agreed that, thanks to Edara's unquestionable commitment to safety and security, their kids enjoy a level of independence they wouldn't find in any central neighborhood in Cairo, no matter how upscale.

"This generation is more sheltered than we were. When it comes to my kids, SODIC West allows them to have a more independent life because it's safe for them to move around without constant supervision," Yasmine Seoud said.

Moataz El Deriny shared the same thoughts: "My kids are safe to ride their bikes around, even the youngest. The eldest has a golf cart that he uses to go to his practice. Living in SODIC allows them a certain level of freedom and independence they wouldn't have enjoyed elsewhere."

And Mohamed Talaat Khalifa added: "I have two kids and three dogs. I feel safe to leave them home alone. They're blessed with living here. This was highlighted during the coronavirus outbreak: while others were stuck at home, they got to enjoy the outdoor experience."

25 YEARS OF BEING THE EMPLOYER OF CHOICE

SODIC has gone through massive developments as an employer throughout its 25 years.

Ahmed Samir, our Human Resources Executive Director, walks us through the most significant milestones in SODIC’s journey as an employer of choice.

Q:

SODIC started its journey with less than 30 employees, and now you have reached almost 700 employees. How has SODIC developed as an employer over the years?

A:

SODIC has gone through significant milestones as an employer, parallel to its evolution as a developer. Before 2006, it was still the Sixth of October Development and Investment Co. with a tiny team of fewer than 30 employees. Then, a transformation started in 2006, and the company was rebranded as the SODIC we know today.

In the early days, the company had a single project, Beverly Hills, which was an idea from scratch in a nascent real estate market. The company was very small, and most of the services were outsourced.

To become SODIC, the best talents in the market were hired: young and clever with a high sense of ownership and responsibility. This is what cemented our leadership DNA. In 2011, we began to hire teams to provide the core services in-house. This move gave us more control over our value chain and timeframes, which later reflected on our credibility in the market as THE developer that delivers ahead of time most of the time.

Q:

SODIC is a professional non-family-owned business, yet the work environment is very family-like. What kinds of values stand behind this hard-to-get spirit?

A:

Our employees are our most valuable asset. We are cost-conscious but not at the expense of our employees and their families. We are very keen on making our employees feel secure in their jobs. Our policies ensure inclusion and equal opportunity. We have a diverse workforce, and several key positions at SODIC are held by women. We have policies to make sure everyone is heard. And when disputes occur, they are resolved in a family-like set-up, within the framework of our HR policies and Code of Conduct.

We have several initiatives to support our employees in taking care of their health and wellbeing and maintaining a healthy work-life balance. We have a very strong culture that through certain values delivers on results every time. Our culture celebrates high levels of ownership and empowerment as well as having fun while doing things differently as a team. Accountability is key but so is challenging each other to keep raising the bar. This approach coupled with a commitment to having fun and a respect for family life is what really makes our culture unique. It takes time to onboard people to our culture, and those who have reservations that go against our core values cannot channel them. They know our values cannot be compromised.

Q:

SODIC aims to be the coolest 20 billion company. So how is the HR department maneuvering the employee culture to get there?

A:

Our culture is responsive to our business needs; it has evolved with SODIC throughout its journey. It started as a collaborative culture with an entrepreneurial nature and then became a bit more controlled as we expanded. With the change in our governance, being listed on the stock exchange, and managing 10 living communities with our footprint scattered across three different geographies in Egypt, we are becoming more competitive and creative. Now is the time for version 2.0 of our culture. The management team is working on defining the culture and intertwining it with the employee life cycle. The overall HR system is going to transform into a value-based organization.

Q:

What is SODIC like as an employer now?

A:

When I first joined in 2014, SODIC had 380 employees. Now, we are hitting 700. Our operations, sales and projects doubled, and some quadrupled, and so did our manpower. We are tenacious when dealing with competition and restless when it comes to deliverables. We have unified goals, and we offer a hand when needed. We were awarded as an employer of choice and showcased what we’re doing on a regional level. We seek out the best talents and provide them with growth and development opportunities. For any new developer, local or foreign, the first step when entering the market is to headhunt the SODIC talents. They are the Egyptian talents who built this brand. Because of who SODIC is as an employer, only very few of our talents would accept offers elsewhere, and a lot of them eventually end up returning to SODIC.



25 YEARS OF BEING PART OF SODIC

When it comes to SODIC, people always come first. This statement does not only apply to our customers; it also applies to our employees. Their safety, health, wellbeing and job security are top of our priorities.

We interviewed four of our employees from different ranks to get their insights into what being part of the SODIC family is like.



SHAHIRA HAMOUDA

Client Financial Services & Relations Executive Director

Shahira Hamouda is our Client Financial Services & Relations Executive Director. She has been part of the SODIC family since 2007.

"I joined SODIC at very beginning. My career developed quickly with the development stages of Allegria. I came from the banking sector to work as the liaison between banks and SODIC's customers. I began with a very small team of two. We worked on developing financing plans for Allegria's customers, then my scope expanded to managing collections from Allegria's customers, heading deliveries in 2010, and by 2012, I was in charge of customer services, collections, handover, and the call center. In 2013, I got promoted to my current position: Client Financial Services & Relations Executive Director. What started with a team of two has now become a team of 40.

It was quite a journey to become who we are today: one of the biggest developers in Egypt with 19 projects and sub-projects. I developed with each step in this journey, and I feel proud of who we are today."



SARA ABADIR

Architect

Sara Abadir is an architect who graduated from AUC in 2014. Sara has been part of the SODIC design team for the past four years.

"It's fun to be in SODIC. Everything is different here. SODIC sets the trends. Everyone is excited to try new ideas. We never repeat ourselves, no matter how successful. SODIC is its own competition, always benchmarking against international projects. Here, I get a holistic outlook on any project I'm assigned to, from the proposal we submit to acquire the land, to design and actual construction. Something else is notably different here: the high-paced timeline. It's a very short interval from the launch till you see the project. I've been here for four years, and I can actually see projects I've designed.

There are also so many high calibers in all departments, so I learn a lot. And every day, there's a new project or a new take on existing ones. There has never been a dull day at SODIC for the past four years."



MOHAMED HAMDY

Sales Operations Senior Manager

Mohamed Hamdy joined SODIC's Commercial Contracts department in 2007. He currently occupies the position of Sales Operations Senior Manager.

"From the very beginning, they identified my strengths and developed them. When they found out my potential, they reallocated me to the Sales Operations department. My scope of work expanded to include policies and processes, then I got promoted to head of the department. I learned a lot from my previous boss, and my current boss is very supportive and takes career development and delegation of authority very seriously. SODIC invests in its employees. I always feel like I'm being prepared for the future".



OMAR KAMEL

Contracts Engineer

Omar Kamel is a construction engineer who graduated from Ain Shams University in 2017. He joined SODIC's Technical department as a contracts engineer two years ago.

"SODIC is different; it's professional. Even disputes are resolved more professionally than in other companies. It has an open-door policy, so you learn a lot. You get exposed to the top management's vision firsthand. This has upped my personal bar; I want to prove myself. It's pretty challenging and makes the job more complicated but more interesting. I have learned various skills. There's a lot of diversity, and you meet many different personalities, which makes for quite the learning opportunity."

25 YEARS OF EMPOWERING WOMEN

SODIC believes that diversity weaves strength in our culture. Diversity is only guaranteed through equal opportunity. SODIC has always been keen on providing its female employees with what they need to thrive.

While holding different interviews for this report, we made sure to get their insights on being a woman in the SODIC culture.



Nadine Okasha

the Strategy, Research & Public Relations Executive Director. She has been part of the SODIC family for more than 10 years.

How was the SODIC employee experience for you as a woman?

I've had three children whilst working in SODIC, and I was never away from the office for more than three or four months. I came back to work productive and undistracted because we have a daycare facility on site. I could pop in to see them any time I wanted. Everyone knows my eldest; he used to run around the corridors after hours.

SODIC's culture promotes family life. You do not have to compromise; it doesn't need to be a this-or-that situation. Because SODIC is all about results, there's no pressure to stay late just because you need to be seen at the office. All of these common pressures and demands on women do not exist in SODIC. There's no glass ceiling for women here. If you are competent and do your work, you'll move up in the organization.

Throughout my 11 years with SODIC voice my opinion, it never crossed my mind that I could not because I'm a woman. It never stopped me from pitching for scope. All the bosses I have had promoted growth, development and career progression for men and women alike. I'm really proud of this culture. SODIC is genuinely an equal opportunity employer.



Shahira Hamouda

the Client Financial Services & Relations Executive Director. She has been part of the SODIC family since 2007.

How was the SODIC employee experience for you as a woman?

I never felt there's any difference between men and women here. This is something very cool about SODIC. I went through three different CEOs, and they all held the same stance. Even though we're outnumbered, we hold powerful and vital positions that require high levels of decision-making and accountability for the responsibilities.

I learned to stand my ground here in SODIC. We need to think outside the box to weather through the different kinds of problems we face. I learned how to be agile and go the extra mile here. All of this wouldn't have been possible if I wasn't empowered.



Sara Abadir

a young design architect who has been in SODIC for the past four years.

You're a young woman in a male-dominant industry. How do you find the SODIC employee experience so far?

All the women here are empowered and add value to their jobs. Our MD has powerful women on his team, which is a clear message to everyone in this organization.

There are all kinds of people here. Some might not like it when young women hold positions usually occupied by men, but the culture here doesn't allow them to channel their reservations. It doesn't affect me or my work.

📍 NORTH COAST

GROSS LAND AREA +1.6 Million m²

TARGETED GROSS LEASABLE AREA c.5,000 m²

📍 WEST CAIRO

GROSS LAND AREA +9 Million m²

TARGETED GROSS LEASABLE AREA +140,000 m²

📍 EAST CAIRO

GROSS LAND AREA +5 Million m²

TARGETED GROSS LEASABLE AREA c.110,000 m²

Section VI

LANDBANK AND
ASSET PORTFOLIO

OUR LANDBANK

SODIC's high-quality, diverse landbank provides it with a competitive edge. A driver of value creation, it allows us to remain relevant, develop the right product, create the right community and deliver the right service to our customers. The quality and diversity of our landbank also allow us to mitigate concentration risks and offer differentiated products addressing different market needs, ultimately making the company as a whole more resilient to interruptions in any specific market.

Land is a key resource for SODIC, and we are prepared with nearly 6 million square meters of unlaunched land, providing us with around nine to ten years of future sales across our main markets of East and West Cairo and the North Coast. We have an excellent strategic landbank in terms of scale, quality of location and embedded margins.

Our aspiration to diversify our offerings and pursue accelerated growth drives us to continue to look for new land opportunities in our main markets, as well as in new ones. We are continuously exploring prospects in new generation, coastal and secondary cities.

Since 2016, we have taken significant steps to replenish our landbank, adding over 6 million square meters. Supported by our strong track record of timely delivery and efficient land monetization, we entered into new revenue sharing agreements for several land plots, increasing our total landbank to some 16 million square meters at the end of 2020.

OUR ASSET PORTFOLIO

SODIC has capitalized on its 25 years of leading the Egyptian real estate market and a strong record of delivering and maintaining vibrant communities by investing in a diverse, sizable portfolio of prime assets that will drive our recurring revenue in the future.

Our prime assets are strategically located in our mature flagship developments. Serving communities with over 30,000 residents, these assets - already completed or nearing completion - are uniquely positioned to leverage our successes in creating world-class developments.

With a market value of some EGP 13 billion, our investment portfolio is expected to offer around 250 thousand square meters of leasable areas. From office buildings and retail outlets to healthcare and sports facilities, these diverse projects have been planned to support the integrated living experience we promise our customers. They also anchor value in our developments and stock, offering valuable amenities to our residents and building more resilience into our business model.

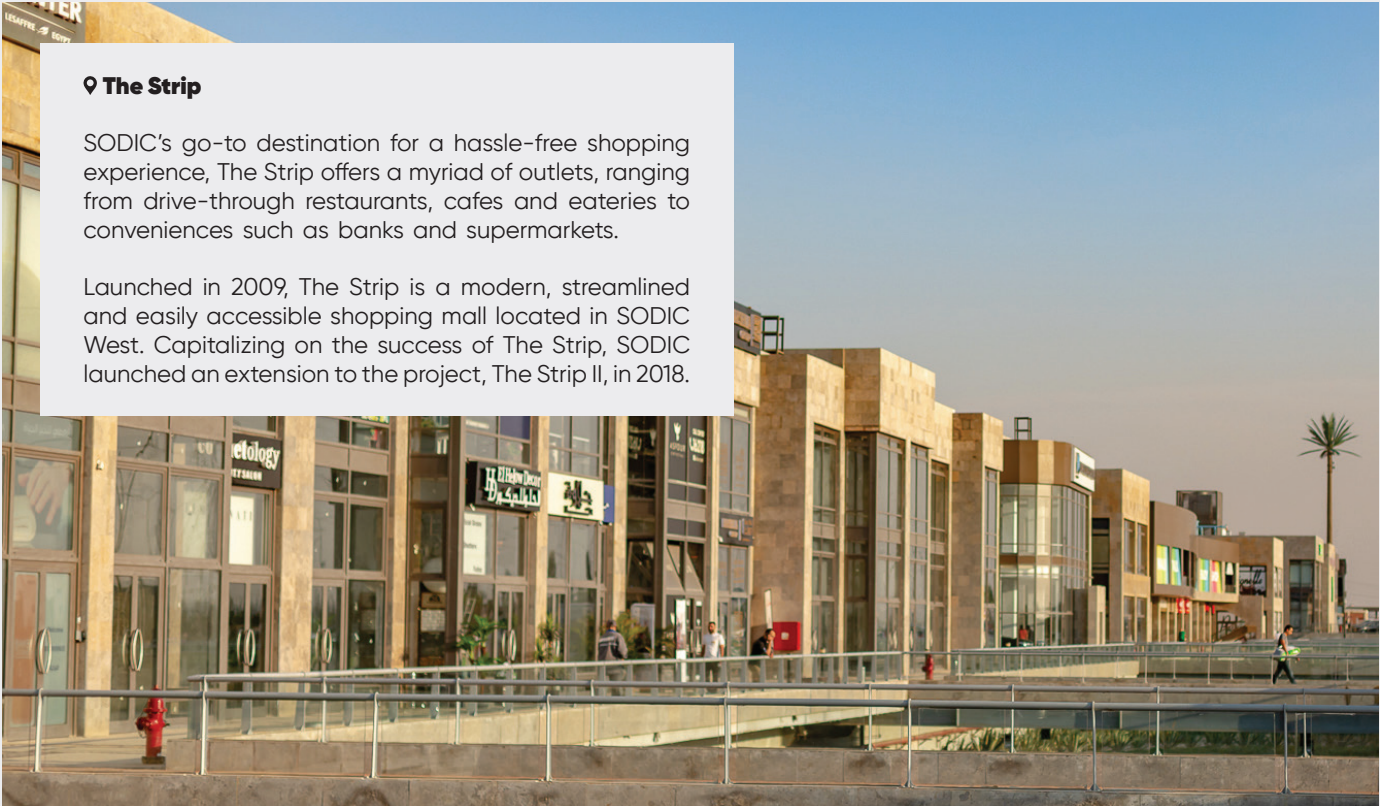
RECURRING REVENUE ASSETS

WEST CAIRO



📍 Polygon

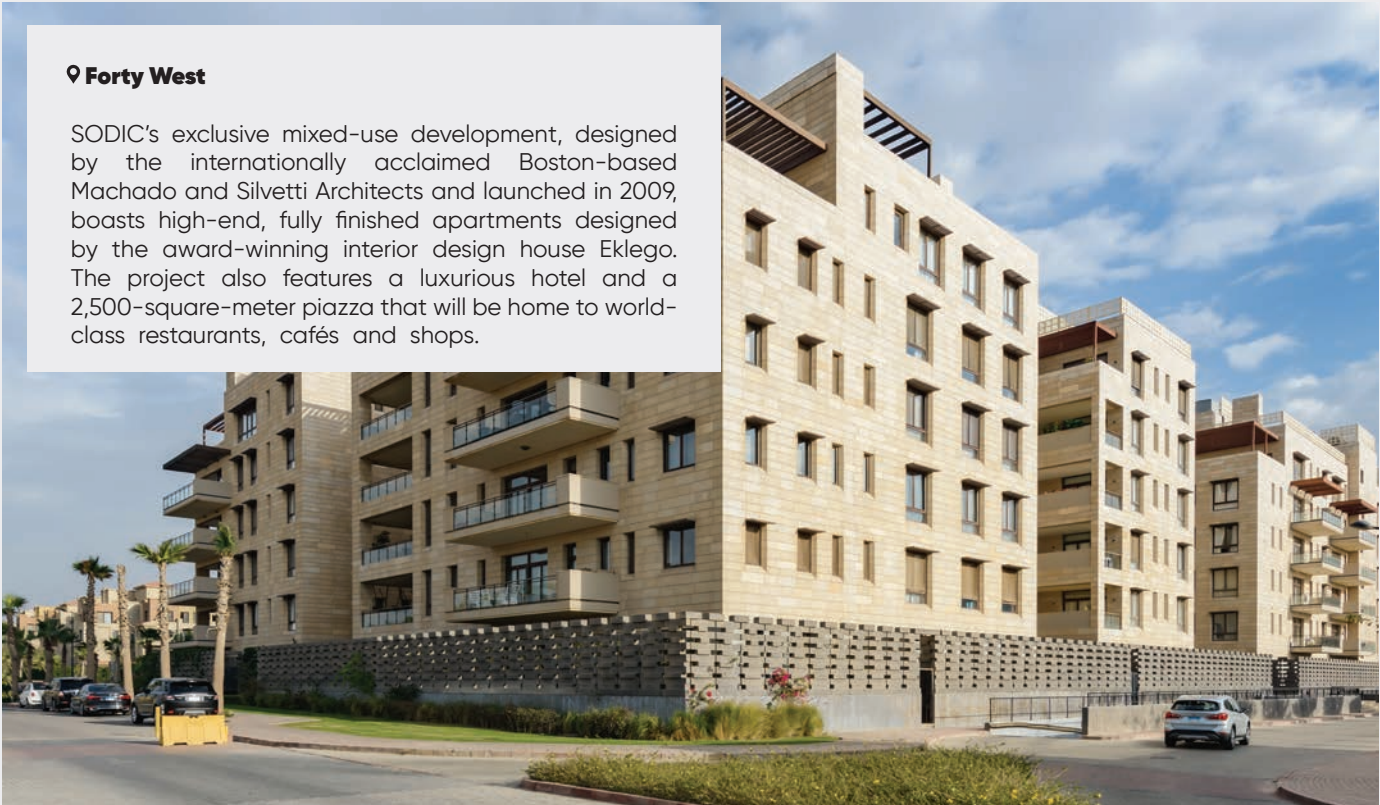
The first business park in SODIC West, the Polygon, was designed by the multiple-award-winning UK-based architects, Wilkinson-Eyre, and includes 11 Class-A office buildings aimed at capturing the increasing demand for purpose-built office space in Cairo.



📍 The Strip

SODIC's go-to destination for a hassle-free shopping experience, The Strip offers a myriad of outlets, ranging from drive-through restaurants, cafes and eateries to conveniences such as banks and supermarkets.

Launched in 2009, The Strip is a modern, streamlined and easily accessible shopping mall located in SODIC West. Capitalizing on the success of The Strip, SODIC launched an extension to the project, The Strip II, in 2018.



📍 Forty West

SODIC's exclusive mixed-use development, designed by the internationally acclaimed Boston-based Machado and Silvetti Architects and launched in 2009, boasts high-end, fully finished apartments designed by the award-winning interior design house Eklego. The project also features a luxurious hotel and a 2,500-square-meter piazza that will be home to world-class restaurants, cafés and shops.



📍 Westtown Hub

Launched in 2015, Westtown Hub is home to some of Sheikh Zayed's finest restaurants and cafes, all set amongst pedestrian-friendly, open-air, tree-lined spaces and fountains. The Hub is strategically located in SODIC West alongside Westtown Residences, the Courtyards, the Polygon, and the British International School (BISC).



📍 **SODIC Medical District**

Strategically located in SODIC West, SODIC’s first fully integrated medical facility, SODIC Medical District, includes the renowned prenatal and postnatal El Nada Hospital, as well as SODIC’s own comprehensive Westown Clinics. In addition to the medical facilities, the development encompasses a number of retail outlets designed to complement the comprehensive nature of a medical destination and is planned to include a bank, a pharmacy, cafés and restaurants.



📍 **The Portal**

The Portal is ideally located at the center of SODIC West, surrounded by established retail, entertainment and commercial venues. The Portal includes over 30,000 square meters of Class-A office space and ground-level retail shops of which more than 12,000 sqm are leasable, and offers different-sized office units geared primarily at SMEs. SODIC partnered with MOBICA to debut their new office concept “Work-plex” at The Portal, offering offices and workspaces developed and finished by SODIC, and fully furnished with MOBICA quality furniture on a lease basis.



EAST CAIRO

📍 **EDNC**

The commercial component of SODIC’s mixed-use development Easttown and our flagship asset in East Cairo, EDNC, is strategically located directly on Road 90; the main street and central axis of New Cairo, and is immediately adjacent to the American University in Cairo (AUC).

EDNC is designed as a dynamic office and retail complex, comprised of 85,000 sqm of office and retail built up area of which circa 40,000 sqm are leasable. The project is developed with a focus on sustainability, with buildings’ forms and facades proportioned to provide ideal day-lighting through an optimum organization of office space. EDNC is designed to encourage a healthier and more productive environment with a reduced carbon footprint.

NEXT-GENERATION PROJECTS

WEST CAIRO

The future of West Cairo, New Zayed is set to become a natural extension to the upscale neighborhood of Sheikh Zayed.

Having almost fully delivered SODIC West, we are embarking on a new generation of developments in New Zayed. As the first real estate developer to acquire land there, the company holds a total of 650 acres in the new neighborhood. With deep knowledge of this market and the strong legacy of SODIC West, we are best poised to build the foundation for West Cairo's up-and-coming neighborhood.

📍 **The 500 Acres**

Envisioned to be the city center of New Zayed, the 500 acres will be home to our one-of-a-kind mixed-use development with exciting new concepts for learning, retail, sports, leisure and working spaces.

Expected to comprise over 5,000 units, the 500 acres is set to be SODIC's second-largest development in West Cairo, only 10 minutes away from SODIC West.

📍 **VYE**

Bringing a new kind of mixed-use development to New Zayed, VYE was developed innovatively and sustainably to target a new generation of homebuyers. The future-oriented development offers solutions that are novel to Egypt, such as Neo; the expandable apartments within family buildings, and Sol; the solar-powered town and twin homes.

Sold out only 48 hours after its launch, VYE stands apart with its outdoor spaces that are designed to cater to sports and community activities. VYE's outdoor areas are Wi-Fi connected to serve as co-working spaces for a growing entrepreneurial generation, all while being linked to the main Nova Park, delivering busy and vibrant living through and through.

📍 **Karmell**

Inspired by the Californian town Carmel-by-the-Sea, Karmell is SODIC's second development on the 500-acre plot and is designed as a small town, themed around easy living, with shops spread all around and nature interwoven in everyday life. Karmell brings a walkable, enjoyable central town experience, lending itself to a graceful, carefree way of life. The first phase of the development saw the launch of innovative modern homes, including fully finished double-floor houses with modern flying staircases, as well as the innovative Garden House and Sky House, which enjoy the privacy features of villas within multi-family buildings. This is in addition to the Urban Villas that are efficiently designed to include private quarters for parents/couples and garden rooms.

WEST CAIRO

📍 *The Estates*

Five minutes away from SODIC West and spanning 630,000 square meters in New Zayed, SODIC's high-end signature community features 160,000 square meters of landscape and open spaces. The Estates is master-planned with a 13% footprint to ensure privacy and seamless integration with nature.

Serviced by a world-class designer clubhouse and spa at the heart of the project, the Estates will boast spacious, luxurious homes ranging from mansion-like flat villas to town and twin homes. The upscale gated community offers something entirely new with traditional values at heart.

EAST CAIRO

📍 SODIC East

SODIC East introduces a full-fledged world-class destination in East Cairo, located between two of Cairo's main thoroughways; Cairo-Suez and Cairo-Ismailia roads, also directly adjacent to Al Sherouk City, and in close proximity to the New Administrative Capital.

SODIC East is master-planned by the renowned Massachusetts-based Sasaki with over 84% open and green spaces. Parceled into neighborhoods, homes are designed to naturally lend themselves to outdoor living, fostering a true sense of community while benefiting from the extensive range of amenities offered within the larger development.



NORTH COAST

📍 June

SODIC’s latest beachfront destination, June, is a coastal beach town with a beautiful sandy beach and pristine seawater, making it the perfect escape from the fast-paced city life.

The Miami-inspired June offers a wide range of neighborhoods, each with a very unique sense of the summer feel, to meet diversified tastes and living needs. Interconnected for our residents’ convenience, June offers pedestrian-only tracks dedicated to walking, jogging, rollerblading, skateboarding, scooters and bicycles.

With hotel-serviced apartments and villas, a scenic coastline, swimmable lagoons, unobstructed horizon pools, beach hotels, and a plethora of amenities. June adds a one-of-a-kind home feel to your summer escape.

Like the rest of our developments, June is built with an eco-friendly vision. From our local transportation buses to our desalination plants that are partially powered by solar energy all the way to using treated water for landscape irrigation. Our latest summer town brings smart green living to the North Coast.

The new Dabaa road – currently operational – facilitates a much smoother commute from Cairo, providing ease of access to this summer getaway in only two hours.





Section VII – Strategy

Interview with
NADINE OKASHA

NEXT IS NOW **STRATEGY**

25 YEARS OF BEING COOL.

SODIC has always been cool, finding new ways to create value before others even think they're possible. For the next four years, SODIC will be capitalizing on this strong attribute of SODIC's ethos, with all eyes fixed on the target of becoming the coolest EGP 20 billion company by 2024.

Nadine Okasha, our Strategy, Research and Public Relations Executive Director, walks us through the most important pillars of the 2021-2024 strategy.

Q:

How has SODIC's strategy developed over the past 25 years?

A:

Our strategy has been progressive since day one. For the first 10 years, we focused on being a first mover, exploring the western outskirts of Cairo. Once established, we shifted to positioning ourselves as an upscale developer. Then we needed to focus on delivery; it was all about delivering the homes and that experience. Since 2018, our strategy shifted to delivering the comprehensive living experience; now it's all about delivering on the quality of life we promise.

Q:

With all the challenges created by the pandemic in 2020, how did you manage to stay on track?

A:

Weathering storms is what we do best. This is what we have done consistently over the past 25 years; revolution, financial crisis, monetary reforms and what have you. Keeping our head down and delivering results anyway has always set us apart. We have countless examples of how this has served us well over the years.

In January 2020, right before going into lockdown, we had just formulated our 2020-2023 strategy. We were ready to launch just as the world started going into lockdown. The Strategy team leveraged that time to do all the groundwork for the cascading of the strategy across the organization. We cascaded 35 of 50 initiatives in April and May. Once we were back at the office in September, we launched the strategy to the organization – now coined 2021-2024. The strategy community responsible for driving the strategy had already been on-boarded and many initiatives were already in motion. After the September launch, we ran dialogue weeks, where managers explained the strategy to our different departments, cascading it to the entire organization.

We are now launching our strategy portal, an online initiative management tool that will enable the entire organization to see the progress made across our five strategic pillars, moving us ahead in our plan to become the Coolest 20Bn Company in four years.

Q:

What is your growth strategy as one of the big players in such a fiercely competitive market?

A:

The market has been competitive for the past six years, when land supply became abundant and lots of new developers entered the market. The first few years of that period were tougher for us. Because the real estate cycle is so long, in our industry, it is easy to underprice and over-promise and take up market share, but when the time is due, not everyone can deliver what they sold. We're witnessing the start of a market correction and we expect this trend to prevail in the coming years; customers have started flocking back to the more established developers. It is a competitive market, yes, and that's why differentiation is critical. That was at the heart of our 2018-2020 strategy: being the developer of choice. The new strategy builds on that, with more defined focus areas and clearer positioning.

Q:

Your plan to be the Coolest 20Bn Company by 2024 is quite unconventional. Fill us in.

A:

With the last strategy, we did a lot of the work needed to get us where we are today. Now, we stand on much stronger footing to be more aspirational. We get to really leverage who we are and use it as a springboard to grow three-fold in four years.

When we say cool, we mean that in a very profound sense of the word and how it manifests on the ground in SODIC and everywhere SODIC operates.

Being cool is what sets SODIC apart; being progressive, authentic and aspirational. SODIC is a young, current and dynamic workplace, and that energy is the driving force breathing life into our developments. We do things our way to excel for our stakeholders, continuously raising our own bar. We seek and embrace the new, always on the lookout for novel and exciting ways to bring value.

We believe we can achieve this ambition through our next-generation projects in the three markets that we are operating in. We're building on our legacy of 25 years, which you can see in SODIC West, Caesar and Eastown – all of these projects where people actually live happily today.

Q:

"People First" is more than just talk for SODIC, and you have an appetite for exceeding your customers' expectations. What's up your sleeve for the coming four years to ensure your customers' happiness?

A:

What we do is all about people. We build places where people live. Our purpose is a lifetime commitment to them.

For the customer side of the "People First" pillar of the strategy, we focus on their full experience; from when they first hear about SODIC all the way through to their lifelong journey living in our developments. The objective of this pillar is to bring the customers' voice into the conscience of the organization – to ask ourselves in everything we do: "How will this impact the customers?, does this matter to them? Can it be easier for them? Can it be more enjoyable for them? Does it add value to their lives?" We also want to create a seamless customer experience with as few single points of contact as possible, and this is challenging for such a long customer journey.

Q:

SODIC has such an interesting take on recurring revenue. What cool projects do you have planned to serve this pillar?

A:

Most of our developments are mixed-use. SODIC's flagship development, SODIC West, is developed over 1,500 acres with homes, retail, offices, medical centers and schools. Through some of these prime leasable assets still owned by SODIC and others on the East side, we plan to generate income. By leasing from SODIC, you can rent a space that fits your needs and is maintained professionally through a transparent process that avoids the common pains of the leasing market. This space could be an office, a clinic and even a residential unit. The F&B model is a bit different; we are bringing the right tenant mix to the development so that they can address the community needs and aspirations, creating value for the residents through a distinguished offering. We believe a recurring revenue stream strengthens our business model. It positively impacts the share price and gives us better visibility, in addition to retaining these assets that keep appreciating.

Q:

City seems pretty cool. Tell us more.

A:

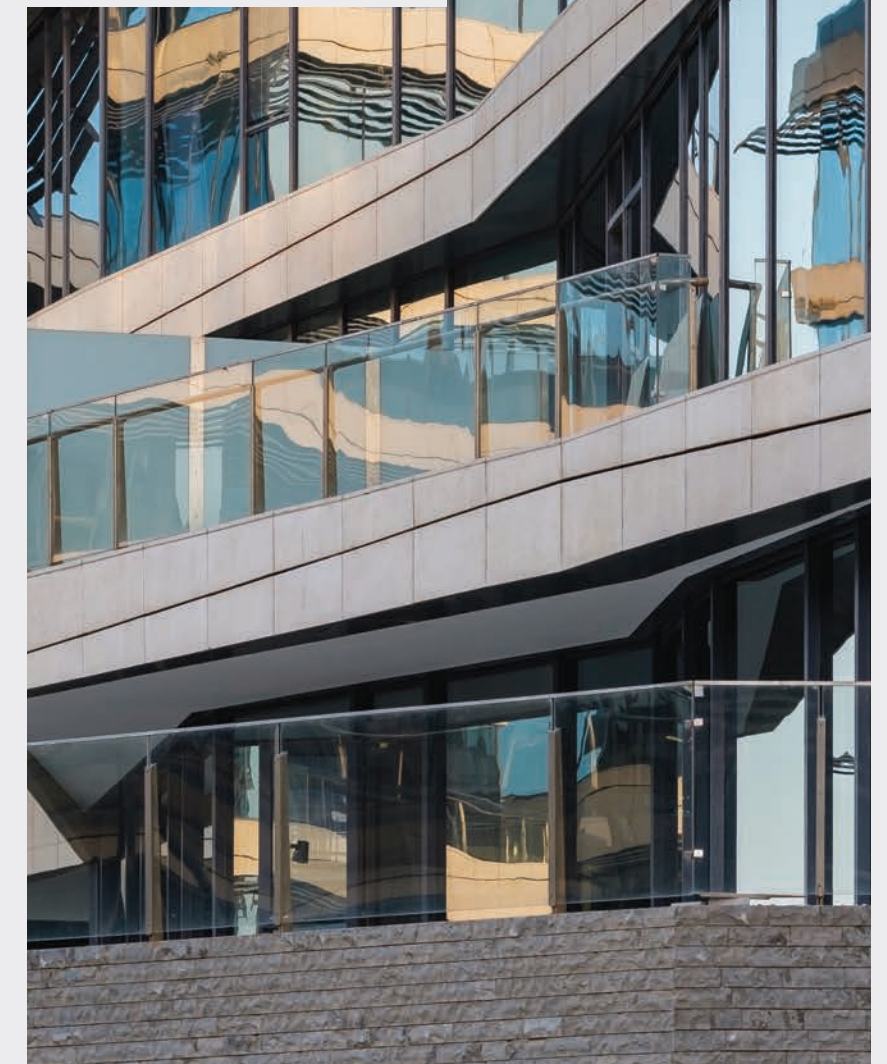
We want to showcase what SODIC has delivered over the past 25 years – its legacy. SODIC West is the only upscale integrated, mixed-use development of its kind in Cairo; a gateway to a modern, progressive lifestyle that is home to 25,000 residents and visited by thousands of people daily. Coining SODIC West as "SODIC City", adding the missing elements to take the development to its utmost potential, is a strategic priority for SODIC, as we see this as the ultimate marketing tool for our next-generation projects, which are all nascent and geographically located in more virgin markets.

Q:

You have an aggressive digital transformation plan. What are the most significant aspects of this plan?

A:

The idea is to be able to make informed decisions to better serve our customers, using the data of our 30,000 residents and the 18,000 visitors every day. Digitalization is the only way to do that. We want to automate all our interactions with our customers. Automation also means consistency of the customer's experience. It allows for live feedback and measuring NPS at every touchpoint. So, other than making us internally faster and more agile, automation will keep us better informed, more consistent and responsive to our clients. We believe this is the only way to go, and we're already on track.



Q: IT ALL FALLS ON SODIC'S PEOPLE TO ACHIEVE SUCH A TRANSFORMATIONAL STRATEGY. HOW IS IT INCORPORATED WITHIN SODIC'S CULTURE NOW? AND HOW WILL THIS DEVELOP OVER THE NEXT FOUR YEARS?

2024

A:

What started as a company with a single development is now a developer of 10 projects across three geographies. We have grown as a company over the past 10 years, but we have grown organically. What we are looking at now is institutionalization, in a way that accommodates this growth and our aggressive plans, all while staying true to what makes SODIC unique.

To grow, we must build on the culture that got us here today; we must fully leverage innovation and foster a culture of speed and agility. We are working systemically on these values to make our vision achievable. Our organic culture has driven us this far, and we're counting on its institutionalization to get us exactly where we want to be: the Coolest 20Bn Company in four years.

مستقبلنا



Section VIII

SUSTAINABILITY

25 MORE YEARS TO COME

At SODIC, we do a lot more than build houses; we build sustainable communities that create value for all our stakeholders. We believe sustainability means a better future for everyone, and that belief is embedded in all our decisions. We strive for our corporate citizenship to be an example for others to follow.

Our sustainability approach drives our future, shaping our strategy and leading innovation. This increases our profitability, in both the short and the long runs, and brings prosperity to our communities and society at large.

A GLOBAL CITIZEN

SODIC is an active player in Egypt’s Sustainable Development Strategy (SDS) 2030. Our compliance with applicable laws, internally developed guidelines that fit the Egyptian context, and voluntarily adopted international standards showcases our commitment to the safety and well-being of our employees, our customers and society at large.

As signatories to the United Nations Global Compact (UNGC), we fully support all its principles. We also support the United Nations Sustainable Development Goals (SDGs) that address pressing global challenges, especially those that apply to SODIC and Egypt.

The SDGs that SODIC contributes to the most are ending poverty, good health and well-being, quality education, decent work and economic growth, sustainable cities and communities, and industry innovation and infrastructure.

6 KEYS TO A BETTER TOMORROW

Our business strategy is geared towards aligning the interests of our various stakeholders to create good for all. We follow international standards and internally developed guidelines, focusing on value creation, developing our people, delivering to our customers, protecting the environment, a sustainable supply chain, and giving back to our society.

1. CREATING VALUE

We create value by focusing on these main areas: building better places, placemaking, infrastructure and the well-being of our residents, integrated communities, and innovating homes for the future.

SDG11 SUSTAINABLE CITIES AND COMMUNITIES



SDS PILLARS

- URBAN DEVELOPMENT
- ECONOMIC DEVELOPMENT
- ENVIRONMENT

PLACEMAKING

Since SODIC’s inception, we have been firm believers that the future is in Cairo’s outskirts, away from the densely congested city centre. One of the first projects launched in Sheikh Zayed City, our SODIC West, occupies 15% of the city’s area. Now, we have 10 developments that help make three different geographies better places to live. With 50% of our developed land dedicated to green and open spaces, our carefully planned, low-rise, mixed-use developments promote a happier and healthier lifestyle for our residents now and leave a lasting legacy for generations to come.

HOMES AND OFFICES OF THE FUTURE

Inside our homes, we consider factors such as noise, natural light, air quality and renewable energy. Thanks to our innovation-driven approach, we have introduced several new innovative solutions to the market. In VYE, our next-generation development in New Zayed, we rolled out “Sol”, the first solar-powered town and twin homes in Egypt, as well as “Neo”, the first-of-its-kind expandable apartment within a multi-family building.

INFRASTRUCTURE AND THE WELLBEING OF OUR RESIDENTS

We prioritize investment in infrastructure on our integrated master-planned developments at the earliest possible stage to ensure and promote the livability of our developments. We heavily invest in infrastructure and facilities that make our developments places where people can belong.

In addition to our internal infrastructure, which includes: leisure, medical facilities, retail outlets, transport infrastructure, educational services, green spaces, and public art, we make donations to support public infrastructure networks, such as El Mehwar, the vital highway that connects central Cairo with its western outskirts.

INTEGRATED COMMUNITIES

We place great focus on mobility to and from, as well as within, our developments, providing our residents with various eco-friendly options to reduce their carbon footprint. Through our facility management arm, Edara, we operate a bus service between SODIC West and the city centre. Our newest development in East Cairo, SODIC East, is situated three minutes away from the monorail station currently under development. Within our developments, we design the master plan in a way that promotes walking and cycling, and we offer various environmentally friendly transportation options. Our offerings include the on-demand solar-powered golf carts, “SODIC Ride”, and shareable electric bicycles through an agreement with “Baddel” (Cycle), the first e-bike-sharing company in Cairo.

ECONOMIC VALUE CREATION

Through an open and positive dialogue with the government, SODIC helps shape the future success of the residential development sector. With 25 years of experience and a solid track record, SODIC is a key player in one of the most important industries in Egypt (16% of GDP). Our developments have also contributed to the appreciation of land in the three geographies where we operate. We are 100% committed to the timely payment of our taxes and government dues.

We directly employ more than 685 employees, and an additional 3,000 through our subsidiaries. SODIC also indirectly employs an estimated 30,000 people across our value chain.

Our local suppliers account for 95% of our overall pool of suppliers; we use the services of over 3,400 local suppliers to whom we make payments of between EGP 2.5-3 billion annually.

2. DEVELOPING OUR PEOPLE

Our people are our most valuable asset. Our employees are the key to the success and sustainability of the business. SODIC is keen on providing its people with a current and dynamic workplace that allows them to develop while achieving organizational goals. The SODIC culture that has become associated with our brand starts at our offices. We seek to employ and retain the best talents who will help us achieve our vision.

We offer our 600+ employees highly competitive compensation packages, in comparison to our peers. We foster their career development through a wide range of training programs, and support them in maintaining a healthy work-life balance.

As UNCG signatories, we closely monitor human and labour rights, extending our approach to our contractors to guarantee that they apply the same standards to their staff while working on any SODIC project. We have zero tolerance for child labour. Our code of conduct protects against discrimination based on ethnicity, colour, religion, gender, or race, and ensures a safe and harassment-free environment for all employees. We encourage our employees to voice their concerns, providing them with various channels to do so, including our “Speak Up” platform.

Our employees’ safety comes first, a notion that we extend to include those outsourced and indirectly employed. To ensure the safety of outsourced personnel, all our contractual agreements incorporate a Health and Safety section that indicates our mandatory health and safety requirements. Contractors working with SODIC are responsible for ensuring the safety and well-being of workers under their mandate, and must provide adequate welfare facilities on site, as detailed in the Egyptian Labour Law.

We believe we are responsible for supporting our employees in maintaining a healthy lifestyle that enhances their well-being. We offer our employees an environmentally friendly workplace that is smoke-free and solar-powered. We also provide our employees with the option of commuting to work on company-provided buses, with 28 vehicles transporting around 400 employees daily.

3. DELIVERING TO OUR CUSTOMERS

Our primary business focus is creating value for all our stakeholders, with our customers being at the very heart of everything we do. We aspire to be the developer of choice by continually exceeding our customers’ evolving expectations. We do not just build and sell houses; ours is a more sustainable approach. What we have with our customers is a commitment for life; it doesn’t end with delivering their homes but instead continues throughout their life in our developments. Our property management arm, Edara, is one of the things that sets us apart in the market; it is how we deliver on the promise of a much happier and healthier lifestyle.

Our Community Management department keeps customers engaged in innovative ways and uses several channels that guarantee their needs and wishes are embedded in everything we do, from design to delivery and on to property management and customer experiences.

We realize that the satisfaction of our customers, whether residents, tenants or visitors, is essential to our business model’s success, which is why, moving forward, we will be incorporating their Net Promoter Score (NPS) in our key performance indicators.

It is also important for us to measure our performance in comparison to that of competitors. In 2020, we conducted an NPS exercise in partnership with Kantar Group to measure customers’ recommendations of their developer to others.

SODIC’s NPS grew by 30 points, coming in first with a score of +43.

Our customers’ trust in our commitment, both in terms of time and quality, results from our continuous efforts to honour our obligations. For the past six years, we have been delivering ahead of contractual dates 91% of the time. This commitment to deliver, both on time and on quality, is a key reason why we have been so successful over the years.

4. PROTECTING OUR ENVIRONMENT

The construction industry has a substantial impact on the environment. The sector consumes significant amounts of non-renewable resources and is responsible for half of the global landfill waste. SODIC adopts a precautionary approach, having several strategies in place to maintain an environmentally and financially sustainable business model.

Our awareness of the risks of air, water and noise pollution posed by our industry informs our precautionary approach, from design to implementation. Our customers have become more attentive to and knowledgeable of environmental, social and market factors, with an increasing need for innovative, environmentally friendly residential products, from housing to community.

We aspire to be more efficient in terms of resource and energy usage, reducing our waste and carbon emissions, and working towards a future with cleaner air and water and much less noise pollution.

Environmental Protection in the Workplace

Internally, we have developed initiatives to reduce consumption, such as paper recycling, and have installed automatic water taps to decrease water waste. We also use LED lights throughout our premises. Our electric-powered shuttles provide our SODIC West residents with means of transportation that lower their carbon footprint. Finally, we have a major initiative that provides shaded parking to employees and visitors, and includes mounted solar panels to generate electricity for SODIC’s headquarters.

We have also spared no effort to sustain a rigorous maintenance system, which has contributed to lowering water and energy consumption in our developments.

Externally, we have developed an Environment Manual, which stipulates all environmental requirements by which contractors must abide while working on SODIC projects. It is their responsibility to communicate this to their personnel and subcontractors. We strictly follow the Egyptian government’s regulations regarding correct and safe waste disposal, and require our contractors to follow suit.

5. SUSTAINABILITY IN THE SUPPLY CHAIN

As part of our efforts to support the Egyptian economy’s sustainable development, we prioritize awarding local contractors. With 95% of our supply chain being local, we create job opportunities for more than 30,000 Egyptian workers. We are increasingly in favor of hiring the services of small and medium enterprises whenever the workload fits their capacities. We also prefer using local resources whenever applicable.

6. SUPPORTING THE COMMUNITY

We are fully aware of our responsibility as a corporation to support the development of our society at large. And while many efforts could reap immediate returns in this area, we prefer those that are sustainable, with change that echoes further and longer than the here and now. Except for our relief program, our Corporate Social Responsibility (CSR) initiatives stem from our firm belief that sustainable development is worth our investments for a better tomorrow for everyone, which is why we invest in education.

SUSTAINABILITY-LED SOCIAL INVESTMENT

Educate Me (EM), a non-profit organization, offers a very unique model in education. The foundation develops educational curricula for a community school in Talbeya, and provides teacher training to private and public-school educators for a fee to generate enough income for the school to be self-sustainable while also magnifying its impact, scaling it up to reach thousands of children in seven different governorates. Educate Me is now able to recover over 60% of its running costs. **So far, Educate Me has benefited over 70,000 children and 5,000 educators.** EM has been awarded the UNESCO Hamdan bin Rashid Al Maktoum Prize for **“Outstanding Practice and Performance in Enhancing the Effectiveness of Teachers”**, making it the first recipient from an Arab country to receive this prestigious award since its launch in 2014.

Since 2012, our **Tawasol** has run a community school in Establ Antar for children who had escaped schooling. The school provides the children with regular education, as well as vocational training in a range of crafts. It also supports the selling of handmade products by community members on an online platform to generate income to help cover the school's costs.

In 2020, Tawasol celebrated the opening of the new Community School at the heart of the impoverished neighbourhood of Istabl Antar. The new school is built over 1,050 sqm with the capacity to host over **500 students**, providing the same multi-disciplinary experience in a much healthier and well-equipped environment.

As a real estate developer, we sincerely believe in everyone's right to decent living conditions. **Future Eve Foundation** offers microloans to the unbanked segment of impoverished widows and single mothers in Minya, Upper Egypt. These loans were historically only used for startup income-generating projects and small businesses. In 2018, SODIC seeded a new microloan program for home improvement. The loans allow these women to choose what they wish to improve in their homes. The affordable subsidized loans have led to a 100% payback rate, allowing us to recycle the money and extend the initiative's benefits to even more women. SODIC has invested a total of EGP 1.3 million in the revolving fund, resulting in **858 loans** worth over **EGP 5 million** being disbursed to **640 women** since 2018. 2020 marked the project's first expansion outside of Upper Egypt. FEF successfully scaled the project to Alexandria, and paid the first batch of loans in September.

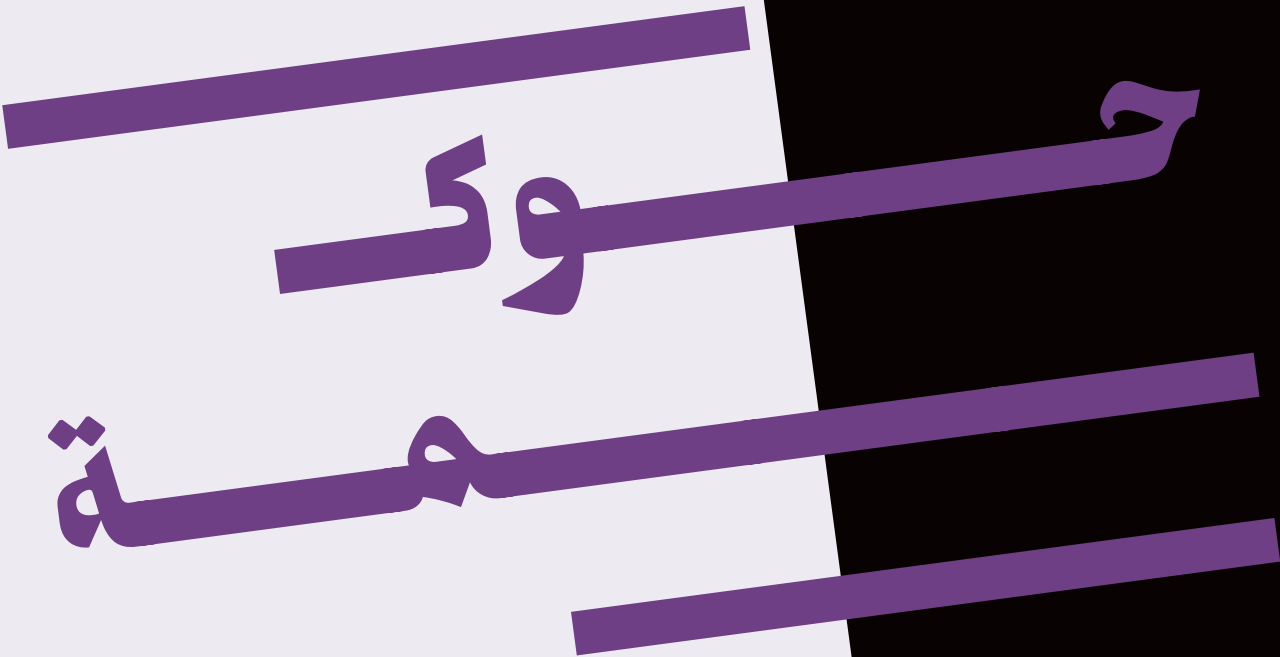
We also stand by people's rights to equal opportunity. We are proud sponsors of **Eslam Abu Ali**, the first Egyptian para-triathlete to complete the IRONMAN 70.3 race. We have also sponsored the **Special Olympics' first pan-African Games in Egypt**, bringing together 800 male and female athletes from 42 countries.

While we are passionately committed to sustainable development, we are aware that, at times, solidarity and immediate relief are required. **Our Relief Program** runs annual donation drives, blood drives, blanket drives, and food packing and distribution runs, with all collections channelled conscientiously and diligently to those most in need.

During this exceptional year, we redirected our efforts to keeping our society safe, allocating **EGP 5 million to initiatives related to the COVID-19 outbreak.** SODIC donated **ventilators and monitors** to El Sheikh Zayed Specialized Hospital and three public hospitals to prepare them to receive COVID-19 patients.

Furthermore, we commissioned **50 fully equipped portable quarantine units** for the Abbassia Fever Hospital and Mansoura Chest Hospital, and equipped **21 rooms** in El-Mahala Fever Hospital to serve as complete isolation units.

We also distributed **safety packages** in Ezbet Khairallah – an impoverished area in the middle of Greater Cairo – and provided its residents with **immunity boosters, sanitization kits and hygiene advice.**



Section IX

**CORPORATE
GOVERNANCE**

●

LEADERSHIP TEAM



MAGUED SHERIF

Managing Director

SODIC’s Managing Director, Magued Sherif, has over 35 years of professional experience.

The architect began his career as a Site Engineer with Orascom Construction Industries in 1986. Early in his career, Sherif worked as Head of the Privatization Unit at Arthur Anderson and spent seven years at Bechtel Egypt and Bechtel Limited. Sherif’s past positions include several leadership positions with prominent companies in the industry. He was Egypt Country Head and Properties Chief Executive Officer at Majid Al Futtain Properties. For 10 years, he served as General Manager and Senior Vice President at Palm Hills Developments, starting from the company’s inception. Sherif was also Chief Executive Officer and Managing Director at Hyde Park Properties for Development from 2012 to 2014.

Sherif was most recently the Co-Founder and Managing Director of The Venturers LLC and the Co-Founder of AA Investments LLC, both in Orlando, Florida.

Sherif holds a BSc in Architecture from Cairo University, Egypt, and an MBA from the American University in Cairo.



NABIL AMASHA

Chief Commercial and Operations Officer

Nabil Amasha, SODIC’s Chief Commercial and Operations Officer, has over 25 years of experience. Prior to joining SODIC, Amasha was the Chief Commercial Officer of Emaar Egypt, having joined Emaar in 2008. He also served as Chief Marketing Officer of the global logistics and transportation company Aramex, where he was responsible for brand development, business development, communications and public relations in 37 countries.

Earlier in his career, Amasha was the Business Development and Marketing Director of an American fast-food chain in Egypt and KSA. He also received hospitality training in the USA. Amasha received his degree in Construction Management from California State University in 1992. He has completed several courses in marketing, hospitality, finance, real estate development.



AYMAN AMER

Chief Business Development and Procurement Officer

Ayman Amer is the Chief Business Development and Procurement Officer at SODIC. He has over 20 years of experience in the real estate, project management and construction industries in Egypt and North Africa. Amer is responsible for setting and monitoring SODIC’s procurement strategy across all divisions, as well as expanding SODIC’s land bank and forming strategic partnerships with operators.

Prior to joining SODIC, Amer spent four years as Procurement and Cost Control Manager at Turner International Middle East (TIME), following his post as Senior Procurement Engineer at Orascom Construction Industries (OCI).

Amer holds a BSc in Architectural Engineering from Cairo University and a diploma in Project Management from the American University in Cairo as a Certified International Procurement Professional.



YASSER EL SAID

Chief Technical Officer

Yasser El Said is the Chief Technical Officer at SODIC, with over 30 years of experience in the real estate, project management and construction sectors in Egypt and the Gulf region. In his capacity, he oversees the technical, controls and design divisions.

Prior to joining SODIC in 2010 as Senior Projects Manager, El Said spent four years as a Project Manager at the Dubai-based Nakheel Co., as well as Construction Manager at Hill International project management firm. During his work in Egypt, El Said spent nine years with «ABB SUSAs», operating in USAID projects.

El Said holds a BSc in Civil Engineering from Mansoura University.



OMAR ELHAMAWY

Chief Financial Officer

Omar Elhamawy, SODIC’s Chief Financial Officer, joined SODIC in May 2013. Elhamawy has overseen the successful completion of SODIC’s EGP 1 billion capital increase, as well as the signing of over EGP 6 billion of medium-term debt facilities.

Prior to joining SODIC, Elhamawy spent eight years as a Director within Beltone’s investment banking division, where he 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 Madinet Nasr Housing & Development, as well as advising Amer Group on its IPO.

Elhamawy holds a BA in Business Administration from the American University in Cairo and is a CFA charter holder.



SHEHAB ELORABI

Chief Operating Officer

Shehab Elorabi is SODIC’s Chief Operating Officer with over 30 years of experience in construction and real estate development in the US, UAE and Egypt. He joined SODIC in 2009 as Executive Director of project controls, and held the position of Chief Technical Officer from 2013 to 2017. After a two-year tenure as Chief Projects Officer at Dubai Properties, he returned to SODIC at the end of 2018 as Chief Operating Officer.

Prior to joining SODIC in 2009, he spent five years of his professional life in Dubai, where he held the position of Senior Development Manager with real estate developer Nakheel Co. LLC, following his post as Projects Control Manager at Hill International. His experience in Egypt before that included time spent with Turner International and International Bechtel Inc. Elorabi started his career with Bechtel Corporation in the USA as a Project Controls Engineer, where he spent the first six years of his professional career.

Elorabi received his BSc in Industrial Engineering/Operations Research from the University of California, Berkeley, and holds an MBA from Golden Gate University in San Francisco.



AHMED EL-HALAWANY

Chief Development Officer

Ahmed El-Halawany is the Chief Development Officer at SODIC. El-Halawany has over 15 years of experience in managing the development portfolio of prominent real estate players in Egypt and the region.

Prior to joining SODIC, El-Halawany served as the Chief Development Officer at Orascom Development, Egypt, where he led the real estate business unit in El Gouna with special focus on projects’ progress, revenues, deliveries and cash flow management.

El-Halawany also served as the Development Director for Malls & Residential at Marakez, the Development Director at Eagle Hills Properties, and held the same role at SODIC, overseeing Eastown for two years. Earlier in his career, El-Halawany spent five years as the Development Manager at Emaar Properties, Mivida, following his role as Design Architect at Dar El Handasah.

El-Halawany holds a BSc in Architecture from Cairo University.



HISHAM SALAH

Chief Information Officer

Hisham Salah is SODIC’s Chief Information Officer. He enjoys more than 30 years of professional experience in the areas of information technology and corporate systems. Among his achievements is founding and leading the first in-house fiber-to-the-home and triple-play residential project in 2009.

Salah’s previous experience includes serving as Vice President of Technology at Palm Hills Developments, where he was responsible for the company’s strategic direction and execution of all IT projects and systems. Previously, he headed the Communications and Government divisions in Microsoft, where he was responsible for sales and key strategic initiatives supporting the company’s growth. Before joining Microsoft, Salah contributed to establishing Commercial International Life (now AXA) as Head of Information Technology. He began his career at Commercial International Bank (CIB), where he held various positions in information technology and operations.

Salah holds an MSc in Information Technology from Middlesex University in London.



NADINE
OKASHA

Strategy, Research & Public Relations Executive Director

Nadine Okasha is the Strategy, Research and Public Relations Executive Director at SODIC. In her current capacity, Okasha heads SODIC’s strategy management office and market research unit, as well as SODIC’s public relations and corporate citizenship functions.

Prior to joining SODIC, she held the position of Business and Organizational Development Senior Manager at Azza Fahmy Jewelry from 2007, where she oversaw the Dubai and Bahrain markets. In 2004, Okasha relocated to France, where she held the role of Business Development Manager and Headquarter Representative at Kato International S.A.S, tasked with growing the UK and German markets.

Okasha began her career in Nasgeyat for Trade and Industry in a marketing role in February 2003. Okasha earned her BSc degree in Chemical Engineering from Cairo University in 2002 and her certification from the Wharton School of Business Executive Development program in 2009.



AHMED
SAMIR

Human Resources Executive Director

Ahmed Samir is SODIC’s Human Resources Executive Director. He enjoys over 15 years of human resources experience across different industries and operating levels.

Prior to joining SODIC in 2014, Samir held the position of Head of Organization Development at Orascom Telecom Holding. Before that, Samir had successfully led the HR startup for three new operations, including WIND Mobile in Canada. Before joining Orascom, Samir held the position of Organization Consultant at LOGIC Management Consulting, and was involved in building an array of HR foundations for many clients across various industries.

In 2011, Samir joined Vodafone as Senior Team Leader for Organization Effectiveness and Change. He started his career in 2005 with Saudi German Hospitals Group, Dubai.

Samir holds a BA in Business Administration from the Faculty of Commerce, Cairo University, as well as a number of certifications from renowned HR institutes, including HAY Group, Towers Watson and SHL.



BOARD OF DIRECTORS



OSAMA SALEH

Chairman (Non-Executive, Independent)

Osama Saleh is the newly appointed non-executive Chairman of SODIC as of April 1, 2020. Saleh has over 40 years of experience, during which he has held several leading positions in the public and private sectors. Saleh is a renowned Egyptian economist who previously served as the Minister of Investment.

Saleh served as Chairman of the Egyptian Mortgage Finance Authority (MFA), Chairman of the General Authority for Investment and Free Zones (GAFI) and the Regional Manager of American Express Bank Ltd. He is currently the non-executive Chairman of the Board of Directors of Ayadi for Investment and Development, Ayadi for Urban Development, Abu Soma Tourism Development Company and Damietta City Furniture Company. He is the Founder and Chairman of Riseinvest for Financial Consultancy and Investment Solutions and Chairman of the Egyptian Serbian Business Council.

Saleh is also a Board Member of several authorities and companies, including the National Investment Bank, NI Capital Company, Akhbar Al-Youm Investment Company and the Holding Company for Electricity Distribution. Saleh was awarded a BA in Commerce from Cairo University.

*On 3/10/2020, the board approved the appointment of Mr. Osama Saleh to the board as an independent member, replacing Mr. Hussein Choucri. On 3/31/2020, the board approved the selection of Mr. Osama Saleh as its Chairman (non-executive, independent).



MAGUED SHERIF

Board Member (Executive)

SODIC's Managing Director, Magued Sherif, has over 35 years of professional experience.

The architect began his career as a Site Engineer with Orascom Construction Industries in 1986. Early in his career, Sherif worked as Head of the Privatization Unit at Arthur Anderson and spent seven years at Bechtel Egypt and Bechtel Limited. Sherif's past positions include several leadership positions with prominent companies in the industry. He was Egypt Country Head and Properties Chief Executive Officer at Majid Al Futtaim Properties. For 10 years, he served as General Manager and Senior Vice President at Palm Hills Developments, starting from the company's inception. Sherif was also Chief Executive Officer and Managing Director at Hyde Park Properties for Development from 2012 to 2014.

Sherif was most recently the Co-Founder and Managing Director of The Venturers LLC and the Co-Founder of AA Investments LLC, both in Orlando, Florida.

Sherif holds a BSc in Architecture from Cairo University, Egypt, and an MBA from the American University in Cairo.



WALID ABANUMAY

Board Member (Non-Executive)

Walid Sulaiman Abanumay 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. Abanumay has been serving on the Boards 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 on the boards of SAFCO, Nasr City, Al-Inmaia, Al Raya Holdings and Al Masafi.

Abanumay holds a BSc degree in Computer Science from Southern Illinois University, a Master's degree in Management Information Systems from the University of Illinois and a PhD in Business Administration, majoring in Finance, from Southern Illinois University.



JONATHAN FRANKLIN

Board Member (Non-Executive)

Jonathan Michael Franklin is the former Chief Executive Officer of Olayan Financing Company, the entity that oversees the Olayan family investments and businesses in the Arab world. Franklin joined Olayan in 2007 as Head of Investments and was appointed CEO in 2019, having also served as President of the Industrial Division from 2010 to 2016. He is a member of the Executive Committee of Olayan Financing Company and a member of the boards of Olayan Saudi Holding Company, Olayan Real Estate Company and Abu Soma Development Company.

Franklin started his career with JP Morgan, primarily in New York, where he was a member of the Mergers and Acquisitions department, focusing on transactions in the energy sector. He returned to London after 17 years with JP Morgan to join Chase Manhattan Bank as Head of Investment Banking for oil and gas companies in Europe, the Middle East and Africa. He was a partner at Ernst and Young from 2001 to 2005, leading the firm's UK and European M&A advisory business. Franklin holds a BA Honors degree in History from Cambridge University.

*On 5/11/2021, SODIC announced that Olayan Saudi Investment Company Limited – member of the Board of Directors – has changed its representative on the board to Jonathan Franklin, replacing Sabah Barakat.

TIMOTHY COLLINS

Board Member (Non-Executive)

Timothy Collins is the CEO and Senior Managing Director of Ripplewood Advisors LLC. Before founding Ripplewood, Collins worked for Cummins Engine Company, Lazard Frères & Company and Booz, Allen & Hamilton. He is currently holding the position of Chairman of AS Citadele Banka and serves on the Board of EFG. Collins has served on several other public and private company boards, including Asbury Automotive, Shinsei Bank, Advanced Auto, Rental Services Corp., CIB, Gogo, and Citigroup (after it received public funds). He serves as a Senior Becton Fellow and Visiting Lecturer at Yale Law School, and is the Chairman of the Yale School of Management's Board of Advisors.

Collins has a BA in Philosophy from DePauw University and an MBA in Public and Private Management from Yale University's School of Management.

ELIZABETH CRITCHLEY

Board Member (Non-Executive)

Elizabeth Critchley is a Partner at Ripplewood and runs the day-to-day operations. Before joining Ripplewood, Critchley was a Founding Partner of Resolution Operations, which raised GBP 660 million via a listed vehicle at the end of 2008, and went on to make three acquisitions in financial services, namely Friends Provident plc for US\$2.7 billion, most of Axa's UK Life businesses for US\$4 billion and Bupa for US\$0.3 billion. This consolidation strategy was financed through a combination of debt and equity raisings, as well as structured vendor financing.

Until the inception of Resolution Operations, Critchley was a Managing Director at Goldman Sachs International, where she ran the European FIG financing business. She has structured, advised or invested in transactions with more than 50 global financials and corporates.

Critchley has a First-Class Honors degree in Mathematics from University College London.



HISHAM EL-KHAZINDAR

Board Member (Non-Executive, Independent)

Hisham El-Khazindar is the Managing Director and Co-Founder of Qalaa Holdings. El-Khazindar serves on the boards of several leading regional companies, including El Sewedy Electric and Magrabi Retail. He is also on the Advisory Committee of the Emerging Markets Private Equity Association. El-Khazindar serves as a Trustee of the American University in Cairo and the Cairo Children's Cancer Hospital, and is 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 from 1999 to 2000, El-Khazindar was on secondment at Goldman Sachs in London.

El-Khazindar holds a BA in Economics from the American University in Cairo and an MBA from Harvard Business School.



OMAR ELHAMAWY

Board Member (Executive)

Omar Elhamawy, SODIC’s Chief Financial Officer, joined SODIC in May 2013. Elhamawy has overseen the successful completion of SODIC’s EGP 1 billion capital increase, as well as the signing of over EGP 6 billion of medium-term debt facilities.

Prior to joining SODIC, Elhamawy spent eight years as a Director within Beltone’s investment banking division, where he 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 Madinet Nasr Housing & Development, as well as advising Amer Group on its IPO.

Elhamawy holds a BA in Business Administration from the American University in Cairo and is a CFA charter holder.

Corporate Governance Report

SODIC’s success is owed to its commitment, diligence and strict adherence to sound principles of corporate governance, ethical conduct, and good corporate citizenship. We firmly believe these principles, alongside trust, transparency, and open communication, serve as the main propellants that drive our performance as a company and enhance shareholder value.

Shareholders’ General Meetings

Ordinary and extraordinary general meetings shall be convened in the city where the company’s head office is located when called for by the board. The notice for any general meeting shall be published twice in two daily newspapers, with at least one of them issued in Arabic. A shareholder may attend a general meeting in person or by proxy. Attendance by proxy may not be valid unless it is evidenced by a written power of attorney to a representative who is also a shareholder.

THE BOARD

BOARD FORMATION

The shareholders elected the current board in the ordinary general meeting held on 03/29/2018. The board consists of 11 members with a term of three years – until the general meeting of 2021. The board comprises non-executive persons and entities representing the shareholders, independent members and executive members, as follows:

NO.	Name	Capacity (Executive/Non-Executive/ Independent)	Number of Owned Shares	Joining Date	Representing
01	Osama Abdulmonem Mahmoud Saleh*	Chairman Non-Executive Independent	-	9/3/2020	Self
02	Magued Ahmed Sami Mohamed Sherif	Managing Director Executive	-	23/3/2018	Sixth of October for Development and Real Estate Projects (SOREAL)
03	Walid Sulaiman Abdulmohsen Abanumay	Board Member Non-Executive	6,301,380	29/3/2018	Self
04	Sabah Tayseer Barakat**	Board Member Non-Executive	48,331,696	29/3/2018	Olayan Saudi Investment Co. Ltd.
05	Timothy Clark Collins	Board Member Non-Executive	31,992,544	14/2/2019	RA Six Holdings Limited
06	Elizabeth Critchley	Board Member Non-Executive	31,992,544	14/2/2019	RA Six Holdings Limited
07	Hisham Hussein El-Khazindar	Board Member Non-Executive Independent	-	29/3/2018	Self
08	Omar Mahmoud Raafat Elhamawy	Board Member Executive	-	29/3/2018	SODIC for Development and Real Estate Investment
09	Tabrouk Development Company	Represented by one member still not named	-	29/3/2018	Tabrouk Development Company
10	Soreal for Real Estate Investment	Represented by one member still not named	-	29/3/2018	Soreal for Real Estate Investment

BOARD MEETINGS

A board or committee meeting may be attended in person, by phone (conference call) or by any visual communication means (video conferencing). Board resolutions may be adopted by circulation when necessary.

BOARD ROLE AND RESPONSIBILITIES

The board is in charge of running the company's affairs based on the mandate given by the general assembly. The board sets the strategic objectives of the company and conducts its business through the regulating laws and company bylaws, as well as the rules and regulations of relevant regulatory authorities. This is to ensure that the executive management is fulfilling its duties within the set plans and in a way that serves the company's and shareholders' interests. The board also ensures that the company is committed to its responsibilities towards the community and the environment, ensures the efficiency of the internal control system and risk management, and determines the best way to implement governance systems.

*On 10/2/2020, the board accepted the resignation of Mr. Hussein Choucri with effect from 31/1/2020; on 30/3/2020, the General Assembly accepted the resignation of Dr. Hani Sarie El Din with effect from 1/4/2020; on 9/3/2020, the board approved the appointment of Mr. Osama Saleh to the board as an independent member, replacing Mr. Hussein Choucri; on 30/3/2020, the board approved the selection of Mr. Osama Saleh as Chairman from 1/4/2020 (non-executive, independent).

** On 11/5/2021, the company announced that Olayan Saudi Investment Company Limited - member of the Board of Directors - has changed its representative on the board to Mr. Jonathan Michael Franklin, replacing Mr. Sabah Tayseer Barakat. The Stock Exchange and the Financial Regulatory Authority have been notified of the aforementioned change. The Board of Directors was notified of the aforementioned change, and the company is currently having the resolution certified and recorded in its Commercial Register.

THE BOARD

BOARD CHAIRMAN

- The Board Chairman performs certain duties, including:
- Call for, set the agenda of, and preside over board meetings.
 - Call for ordinary and extraordinary general meetings to consider the agenda submitted by the board.
 - Ensure that sufficient and accurate information is made available in a timely manner to shareholders and board members.
 - Ensure that the decisions are made based on rational grounds and based on full awareness of the relevant matters, and that a suitable mechanism is in place to guarantee the effectiveness of implementing these decisions at the right time.
 - Receive reports and recommendations from all committees and submit them to the board on a regular basis for necessary action.
 - Ensure that the board is fulfilling its duties in a manner that serves the company's best interests while avoiding any conflicts of interest.
 - Ensure the efficiency of the governance system and effectiveness of the board committee's performance.

MANAGING DIRECTOR

- The Managing Director performs their duties according to the powers vested in them by the board and according to the law, including the following:
- Execute the strategy and company's annual plan as set and approved by the board.
 - Lead the company's executive work and day-to-day business, supervise the progress of all departments and divisions of the company, monitor the performance of all activities, make decisions as they deem necessary for work to be performed in an orderly manner and objectives to be achieved, as well as seek to improve customer satisfaction.
 - Work on the implementation of all of the company's internal policies, rules and regulations approved by the board.
 - In consultation with the Chairman, propose matters to be presented in the periodic board meetings.
 - Oversee the preparation of the periodic financial and non-financial reports on the company's results and performance, as well as the corporate governance report, and review all the answers to the auditor's inquiries before preparing the said reports.
 - Effectively participate in building and developing a culture of ethical values in the company, and propose the ESOP plan and succession planning mechanisms which are approved by the board to ensure employee loyalty and maximize the company's value.
 - Determine the functions and responsibilities of all employees in accordance with the applicable work regulations and board resolutions.

BOARD SECRETARY

- The company has a Board Secretary who reports to the group's Financial Controller and is at an appropriate career grade that allows them to act as the liaison between the board and the company's top management. The Board Secretary's role includes the following duties:
- Arrange for the board and committee meetings, prepare the matters to be presented at these meetings, assist the Board Chairman and the Managing Director in preparing the meeting agendas, prepare the information, data and details relating to the said matters and send them to the members before the meeting in a timely manner, and manage the logistics of the meetings.
 - Assist the Board Chairman and Managing Director in preparing for the shareholders' general meetings and management of the related logistics.
 - Record attendance at all the meetings, noting whether attendance is in person or not.
 - Prepare and record the minutes of the board and general meetings.
 - Monitor the issuance and the implementation of board resolutions, communicate said resolutions to the concerned departments and prepare follow-up reports in this regard.
 - Keep and document all that is related to the board resolutions and the matters presented to the board, and ensure that the board receives important information in a timely manner.
 - Liaise with all board committees, ensuring effective communication between the committees and the board.

BOARD COMMITTEES

COMMITTEE FORMATION

The following table provides the formation of the board committees, as follows:

NO.	Name	Committee Name		Member's Capacity	Position on Committee	Joining Date
		Audit Committee	ESOP Committee			
01	Osama Abdulmonem Mahmoud Saleh*	✓	✓	Non-Executive Independent	Committee Chair	9/3/2020
02	Hossam Hassan Helal	✓		Expert	Committee Member	29/3/2018
03	Walid Sulaiman Abdulmohsen Abanumay		✓	Non-Executive	Committee Member	29/3/2018
04	Sabah Tayseer Barakat**		✓	Non-Executive	Committee Member	29/3/2018
05	Hisham Hussein El-Khazindar	✓	✓	Non-Executive Independent	Committee Member	29/3/2018
06	Timothy Clark Collins		✓	Non-Executive	Committee Member	11/4/2019

*On 10/2/2020, the board accepted the resignation of Mr. Hussein Choucri with effect from 31/1/2020; on 30/3/2020, the General Assembly accepted the resignation of Dr. Hani Sarie El Din with effect from 1/4/2020; on 9/3/2020, the board approved the appointment of Mr. Osama Saleh to the board as an independent member, replacing Mr. Hussein Choucri; on 30/3/2020, the board approved the selection of Mr. Osama Saleh as Chairman from 1/4/2020 (non-executive, independent).

** On 11/5/2021, the company announced that Olayan Saudi Investment Company Limited - member of the Board of Directors - has changed its representative on the board to Mr. Jonathan Michael Franklin, replacing Mr. Sabah Tayseer Barakat. The Stock Exchange and the Financial Regulatory Authority have been notified of the aforementioned change. The Board of Directors was notified of the aforementioned change, and the company is currently having the resolution certified and recorded in its Commercial Register.

BOARD COMMITTEES

CONVENED BOARD AND BOARD COMMITTEE MEETINGS

(10) board meetings, (4) audit committee meetings, and (1) ESOP, compensation and remuneration committee meetings were convened during the year 2020.

BOARD MEMBERS’ ATTENDANCE

NO.	Name	Board Meetings	Audit Committee Meetings	ESOP, Compensation and Remuneration Committee Meetings
01	Osama Abdulmonem Mahmoud Saleh*	6/10	4/4	1/1
02	Magued Ahmed Sami Mohamed Sherif	10/10	-	-
03	Walid Sulaiman Abdulmohsen Abanumay	9/10	-	1/1
04	Sabah Tayseer Barakat**	9/10	-	1/1
05	Timothy Clark Collins	8/10	-	1/1
06	Elizabeth Critchley	9/10	-	-
07	Hisham Hussein El-Khazindar	9/10	4/4	1/1
08	Omar Mahmoud Raafat Elhamawy	10/10	-	-
09	Tabrouk Development Company	-	-	-
10	Soreal for Real Estate Investment	-	-	-

* On 10/02/2020, the board accepted the resignation of Mr. Hussein Choucri with effect from 31/01/2020; on 30/03/2020, the General Assembly accepted the resignation of Dr. Hani Sarie El Din with effect from 01/04/2020; on 09/03/2020, the board approved the appointment of Mr. Osama Saleh to the board as an independent member, replacing Mr. Hussein Choucri; on 30/03/2020, the board approved the selection of Mr. Osama Saleh as Chairman from 01/04/2020 (non-executive, independent).

** On 11/05/2021, the company announced that Olayan Saudi Investment Company Limited – member of the Board of Directors – has changed its representative on the board to Mr. Jonathan Michael Franklin, replacing Mr. Sabah Tayseer Barakat. The Stock Exchange and the Financial Regulatory Authority have been notified of the aforementioned change. The Board of Directors was notified of the aforementioned change, and the company is currently having the resolution certified and recorded in its Commercial Register.

AUDIT COMMITTEE

The audit committee comprises three members, including two independent members and an expert. The committee convened four times during 2020 in accordance with the legal requirement of conducting periodic meetings.

THE AUDIT COMMITTEE’S ROLE AND DUTIES

The committee has performed the role assigned to it under The Egyptian Exchange’s Listing Rules and the related governance instructions, decisions and rules, to examine the management’s implementation of the board’s policies and ensure proper running of the business, as follows:

- The committee examined and reviewed the internal control procedures and whether they were properly implemented.
- The committee studied the adopted accounting policies and the changes resulting from the implementation of any new accounting policies, and examined the following:
 - The coherence between the adopted accounting policies and any changes that occurred thereto.
 - The methods employed to explain important or unusual transactions (as various methods are used).
 - Whether the company follows appropriate accounting and reporting standards and produces appropriate estimates and judgments.
 - The clarity and sufficiency of information disclosure on the company’s financial reports.
 - All essential information submitted with the financial statements.
- The committee examined and reviewed the internal audit mechanisms, tools, procedures, plans and results, studied the internal audit reports and monitored the implementation of the recommendations of these reports.
- The committee examined and reviewed the managerial periodical reports submitted to different managerial levels, along with the methods of preparing these reports and the time at which they were presented.
- The committee monitored the procedures applied in the preparation and review of the following:
 - The periodical and annual financial statements.
 - The prospectuses of subscriptions, public offerings and private placements.
- The committee examined the draft financial statements and notes to the financial statements before they were presented to the board in preparation for sending them to the auditor.
- The committee discussed and examined with the management the matters of material importance.
- The committee examined the efficiency of the system for monitoring compliance with the laws and regulations, and monitored and evaluated the results of the investigations conducted by the management (including disciplinary actions) for any incidents of non-compliance.
- The committee examined the results of all inspections conducted by regulatory authorities, any remarks given by auditors, and ensured the appropriateness of the remedial actions.
- The committee reviewed the procedures of communicating the code of ethics to the employees to monitor compliance.
- The committee proposed the appointment of the auditor, determined his fees, and examined the matters relating to his resignation and removal without prejudice to the law.
- The committee expressed its opinion on tasking the auditor with services for the company other than auditing the financial statements, and determining the related fees without prejudice to the auditor’s independence requirements.
- The committee studied the auditor’s report on the financial statements, discussed with the auditor the remarks and qualifications contained in the report, followed up on the actions taken in response to these remarks and qualifications, and sought to settle any differences between the viewpoints of the company and those of the auditor.
- The committee ensured the implementation of the control methods necessary for preserving the company’s assets, the conduction of periodical assessment of the administrative procedures to ensure adherence to the rules, and prepared reports for submission to the board.
- The committee discussed and approved the annual plan of the Internal Audit department, monitored the efficiency of the plan, and ensured that it covered all the company’s departments and activities.
- The committee invited the auditor, the internal audit manager and others from inside and outside the company, as it deemed necessary, to attend committee meetings.
- The committee carried out and followed up on all other aspects of work the board had assigned to it.

ESOP, COMPENSATION AND REMUNERATION COMMITTEE

The board's ESOP, compensation and remuneration committee comprises five non-executive board members and carries out the following duties:

- Proposing clear policies for the bonuses and rewards of board members, committee members and senior executives, setting and amending the performance-related standards relating to determining the bonuses, and reviewing these policies on an annual basis after conducting the studies and surveys necessary in relation to the reward packages.
- Supervising the Financial Regulatory Authority's (FRA) approved ESOP plan applying to the employees, managers and executive board members. The plan includes the issuance and allocation of a portion of the company's shares to the employees, managers and executive board members to incentivize them by linking the increase in the share price and yield under the plan to the advantages the shareholders gain, which improves the company's performance in the long term.
- Examining and approving the total annual bonuses of employees in light of the performance indicators.
- Regularly assessing the company's long-term incentive plans to ensure their compatibility with the company's objectives and strategies, and proposing amendments from time to time.

EXECUTIVE COMMITTEE

The executive committee is an internal committee composed of the heads of the company's departments. The committee monitors the execution of the company's strategy to ensure that the company achieves good performance indicators, and reviews the work of the company's departments. The committee also discusses new business opportunities and plans for development and innovation in the company.

CONTROL ENVIRONMENT

INTERNAL CONTROL SYSTEM

The internal control system is the set of policies, procedures, guides and regulations prepared by the relevant departments of the company. The system also specifies the different functions and completely segregates the different duties and responsibilities, which is taken into account in preparing the organizational structure. This is in addition to everything related to the tools or metrics employed in the company to preserve its assets.

The company's organizational structure includes an Internal Audit department that provides reports to the audit committee, which periodically evaluates the internal control system and submits recommendations to the board.

- The company prepares a set of policies, procedures, guides and regulations produced by a number of the company's relevant departments and approved by the board to achieve the following:
- Complete segregation of responsibilities and powers for all employees.
 - Ensuring the accuracy and quality of the information, so as to make available for the company and others correct and accurate information about the company.
 - Safeguarding the company's tangible assets against any possible danger, and documenting and recording these assets in the company's registers.
 - Increasing the company's productive efficiency, and achieving its objectives at the lowest cost possible while maintaining the desired level of quality.
 - Ensuring the precise implementation of instructions to make sure they have been implemented as required.
 - Defining roles and fully segregating duties and responsibilities, which are taken into consideration when preparing the organizational structure.
 - Ensuring the application of corporate governance rules through the precise implementation of the different governance rules and requirements.

INTERNAL AUDIT DEPARTMENT

The company's internal audit function is an objective and independent activity designed to add value and improve the performance of the company's operations to help it achieve its objectives through adopting a systematic and structured approach to evaluate the internal control tools and systems and the risk management procedures. The department also ensures the proper application of governance rules in relation to all executive, financial and legal activities and departments. The Internal Audit department is managed by a manager, selected from among the administrative leaders of the company, and who is devoted on a full-time basis to this role. The Internal Audit Manager reports technically to the audit committee and administratively to the Managing Director.

The Internal Audit Manager is appointed and removed and their remuneration is determined by a decision of the Managing Director based on a recommendation by the audit committee. The audit committee sets the objectives, duties and powers of the Internal Audit department, and submits them to the board for approval.

- The Internal Audit department's scope of work includes examining and assessing the accuracy and efficiency of the internal occupational and commercial operations, as well as the quality of carrying out the responsibilities assigned to the Internal Audit department to achieve the company's objectives. This includes the following:
- Assessing the accuracy, reliability, timeliness and validity of the financial, administrative and operational information, as well as the means used to identify, measure, classify and prepare reports on this information.
 - Evaluating the means of protecting the company's assets and verifying whether the assets exist, as appropriate.
 - Evaluating the operations, programs or systems to ascertain whether the results are consistent with the achieved objectives and whether the operations, programs or systems are being planned for as they should be.
 - Monitoring the compliance of employees' actions with the company's policies, standards and procedures, and the applicable laws and regulations.
 - Evaluating the systems created to ensure compliance with the policies, plans, procedures, laws and regulations that may have a significant effect on the company.
 - Preparing periodical reports on the Internal Audit department's objectives, powers, responsibilities and performance, as well as the results related to the internal audit plan.
 - Reporting on risk exposure and monitoring risks that are of great importance. This includes fraud and other issues the audit committee may require or request.
 - Achieving harmony with the External Audit department to ensure the highest level of efficiency of the audit services at their broadest scope.
 - At least once every quarter, the Internal Audit Manager submits a report to the audit committee showing the results of their work.

THE INTERNAL AUDIT DEPARTMENT'S SCOPE AND MAIN DUTIES

Role of audit department	Scope	Is it a permanent department of the company or an external private audit company?	Name of the Internal Audit Officer/ the private external audit company	Frequency of reports
Assess the efficiency of the internal control system and submit to the audit committee reports on the findings.	Financial, operational and technical activities	Permanent department of the company	Mr. Ibrahim Badr Ed-Din	Quarterly
Assess the extent to which all of the company's departments adhere to the obligation to perform all the work assigned to them per the work procedures and policies and without conflicting with the functions of other departments.				
Assess the efficiency of the set procedures and policies and their relevance to the work and market developments.				
Follow up on the corrective measures taken, addressing the findings in the reports of the internal and external auditors.				

CONTROL ENVIRONMENT

RISK MANAGEMENT

The board has overall responsibility for risk management in a manner consistent with the nature and size of the company's activities and the market in which the company operates. The Internal Audit department, in cooperation with the other concerned departments, analyzes the risks the company may be exposed to during the year. This includes the following:

- Analyzing the risks the company may face. The analysis must be conducted accurately and in a timely manner.
- Identifying the level of risks the company can afford to take amongst the different potential risks, based on their effect and probability.
- Providing accurate and expressive reports that allow the concerned parties to make the appropriate decisions, and submitting these reports to the audit committee, which in turn provides recommendations to the board.

COMPLIANCE DEPARTMENT

The Board Secretary holds the post of Compliance Manager, as an independent position reporting to the Group's Financial Controller. The role includes identifying, assessing, monitoring, advising, and preparing reports on the risks that would result from non-compliance with the laws, regulations and supervisory instructions issued by different authorities. The department aims to avoid any penalty or damage to the company's reputation.

The responsibility for developing the policies relating to the Compliance department lies with top management. The board is responsible for approving said policies, of which all employees must be made aware. During the year, the Compliance department, in cooperation with other concerned departments, continuously monitors and ensures the compliance of all employees with the binding laws, regulations and supervisory instructions issued by the different authorities, as well as the company's governance system and policies.

GOVERNANCE DEPARTMENT

The governance process is managed through several departments, which aim to help consolidate, and establish the governance principles and present them to the audit committee to monitor their application and increase their effectiveness.

AUDITOR

The company has appointed its auditor for 2020, Mr. Ehab Aboul-Magd, a partner in KPMG Hazem Hassan. The auditor was nominated by the board, and an ordinary general meeting approved his appointment and annual fees, as the auditor satisfies the conditions stated in the accounting and auditing law, including the requirement of full independence from the company, in addition to competence, reputability and sufficient experience suitable for the size and nature of the company's business and the parties dealing with the company. Mr. Aboul-Magd is registered with the FRA.

DISCLOSURE AND TRANSPARENCY

The company strives to firmly establish the disclosure and transparency principles. It discloses documented and clear financial and non-financial information on a regular basis. The company ensures this is done in a timely manner for the users of such information. The information is announced to everyone simultaneously through the appropriate disclosure channels. The company also discloses all material information as soon as it occurs.

MATERIAL INFORMATION – FINANCIAL AND NON-FINANCIAL DISCLOSURE

The company discloses its financial information of interest to shareholders and concerned parties through the various available means. Such information is provided in the company's annual and periodic financial statements and auditor reports, board reports and accounting policies. The annual financial statements are published in two widely circulated daily newspapers in accordance with the law. These are also posted on the company's website, and the information is disclosed to the Stock Exchange ("EGX"), the Financial Regulatory Authority ("FRA") and the media, through, for example, newspapers, websites and press conferences, and other channels.

The company also discloses the non-financial information important to current and potential shareholders and investors, including the following:

- Information on the company, such as its objectives, vision, business nature, plans and future strategies.
- Ownership structures of affiliates and subsidiaries.
- Dealings with related parties and related-party transactions.
- Disclosing to shareholders and supervisory authorities the information regarding treasury shares. In the event of a subsidiary purchasing shares of its holding company, the company applies to such shares all the treasury share rules. These shares are not counted in the shareholders' quorum or during votes at general meetings.
- Notifying the FRA and the EGX of the EGM and OGM resolutions as soon as a meeting is concluded, and in any event, no later than the start time of the first trading session following the meeting. This comes in addition to providing the EGX with the meeting minutes approved by the Chairman of the Board within one week of every general meeting.
- Providing the EGX with the general meeting minutes certified by the competent administrative authority within three business days of receiving the certified minutes.
- Providing the FRA and the EGX with a summary of the board resolutions involving material information no later than the start time of the first trading session following the meeting in which the resolutions are adopted.
- Providing the FRA and the EGX with a statement approved by the board showing the most important business results compared with the corresponding historical period on the form prepared by the EGX as soon as the board approves the annual or quarterly periodical financial statements. This is in addition to submitting the same statement(s) to the auditor to issue their related report - no later than the start time of the trading session following the meeting.
- Announcing the decision of the competent body regarding the cash and/or stock dividend distributions.

PENALTIES AND JUDGMENTS AGAINST THE COMPANY IN 2020

NO.	Judgements, Penalties and Fines During the Year	Penalty in EGP
01	No penalties	

INVESTOR RELATIONS

SHAREHOLDER ENGAGEMENT

In keeping with our commitment to 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 regularly scheduled Investor Relations events, one-on-one and group meetings with the Executive Directors, as well as tours of our properties and routine contact with the Investor Relations department.

In 2020, our Managing Director, CFO and Investor Relations team held over 253 meetings with representatives of institutional investors and research analysts. Such interaction is a testament to our desire to build a strong reciprocity of dialogue between the company and our shareholders. During the year, SODIC participated in three investor conferences and two non-deal roadshows, cementing stable communication with our global net of investors that spans Egypt, Europe, the USA, the Middle East, Africa and Asia. In addition to such initiatives, the Executive Board members attend the Annual General Assembly, which is an opportunity for all shareholders to engage in direct communication with the Directors on a one-on-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

DISCLOSURE AND TRANSPARENCY

SODIC, as a listed company, is bound by the disclosure rules and new listing rules set by the Egyptian Exchange and approved by the Egyptian Financial Regulatory Authority. Accordingly, SODIC is 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 manner. 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. SODIC continues to support the United Nations Global Compact and its principles on human rights, labor, environment and anticorruption. Reporting on social and environmental performance is an integral part of the regular corporate disclosure and reporting practice; the main goal is to provide stakeholders with a view of SODIC’s position and performance on sustainability practices.

CODES AND POLICIES

CODE OF ETHICS AND PROFESSIONAL CONDUCT

The company has an internal code of ethics and professional conduct. The code involves a set of values that controls and organizes ethics and professional conduct in the company, which benefits its reputation and credibility.

SUCCESSION PLANNING POLICY

The management adopts a policy for recruitment, selection and promotion. This policy is implemented by the Human Resources department. It ensures securing the best candidates for the positions where they fit. At the same time, it encourages the professional development of existing employees under a comprehensive strategy that includes continuous training plans. According to this strategy, employee annual training plans are announced. There are also other plans in place to incentivize competent and high-performing employees and therefore retain them. This is in addition to the career path planning that ensures succession of authority, which represents added value to the company and maintains its sustainability.

WHISTLEBLOWING POLICY

The company adopts a whistleblowing policy for reporting and dealing with violations and complaints according to the internal procedures the company applies. It aims to encourage employees to report any act that breaches the code of ethics or the law. Thus, honesty and integrity are reinforced in all activities. Total secrecy is guaranteed, and reporting a violation must be substantiated by objective documents and/or information. The company seeks to act proactively and decisively to avert any unethical conduct, negligence or illegal activity (if any). The aim is to enable genuine reform and strengthen the principles of justice and transparency. The company aims to avoid any potential damage to its business or reputation in the market. These procedures create a safe channel that keeps the information of the whistleblower confidential, which encourages voicing of any suspicion of, for example, any unethical conduct, illegal act, corruption, violation of internal policies or rules, breach of laws or regulations, fraud or threat to public rights.

INSIDER AND RELATED-PARTY DEALING POLICY

An insider may deal in the company’s shares only according to the company’s insider dealing policy that is announced to all employees. The policy has been developed in accordance with rules set by regulatory bodies and includes the following:

- Neither an insider nor their related group may deal in any securities issued by the company during the five days preceding and the day following the publication of any material information.
- A shareholder that owns, either alone or through their related group, 20% or more may not deal before they have notified the EGX.
- Neither the company’s board members, irrespective of their shareholding size, nor managers, officers or any person with access to information not available to others that may affect the price of a security may purchase or sell the security that the information is related to.

INSIDERS’ TRADING ON THE COMPANY’S SHARES THAT TOOK PLACE DURING 2020: NIL

NO.	Name	No. of shares as of Jan 1, 2020	Bought shares during the year 2020	Sold shares during the year 2020	No. of shares as of December 31, 2020
01					

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

As a leading Egyptian real estate developer, SODIC takes pride in being an active corporate citizen, committed to playing an impactful role in the betterment of the lives of impoverished communities in a scalable and sustainable manner. SODIC runs a group of social development programs and initiatives that contribute to improving the living conditions of over 8,000 families annually. SODIC’s corporate citizenship programs focus on the development areas of education, slum rehabilitation, equal opportunity and philanthropic relief.

SHAREHOLDER INFORMATION

Delivering long-term sustainable returns empowered by our strong corporate governance framework and our diversified shareholder base, SODIC is one of the few non-family-owned companies traded on the EGX.

SHARE INFORMATION

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

Share Listing: Cairo Egypt
ISIN Code: EGS65851C015
Currency: EGP
No. of Shares Outstanding: 356,197,368
Market Capitalization as of 31/12/2020: EGP 5.3 billion

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

Shareholders as at:	31/12/2020
Act Financial and Related Parties	14.37%
Olayan Saudi Investment Company	13.57%
Abanumay Family	9.85%
Ripplewood Advisors L.L.C.	8.98%
RIMCO	7.15%
Ekuity Holding	4.95%
Others	41.11%

By Type:	
Individuals	14%
Institutions	86%

By Region:	
Egypt	43%
Middle East	35%
Europe	12%
North America	10%
Others	1%



Section X

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR’S REPORT

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- **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 statement of financial position as at December 31, 2020, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

- **Management’s Responsibility for the Consolidated Financial Statements**

These consolidated financial statements are the responsibility of the Company’s management. Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 that 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 at December 31, 2020, 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 financial statements.

- **Report on Other Legal and Regulatory Requirements**

The financial information included in the Board of Directors’ report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company’s books of account, according to the limits of this information in books.

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo March 28th, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EGP		Note No.	31 December 2020	31 December 2019	31 December 2018
Non-current assets					
Property, plant, equipment	(25)		581 410 188	294 115 466	287 051 622
Projects under construction	(26)		134 774 619	115 181 723	11 137 625
Biological assets under progress			-	-	7 944 190
Investment properties under development	(27)		2 103 226 267	-	-
Investments in associates and joint ventures	(28)		377 843	1 309 465	3 000 000
Investments at fair value through OCI			-	-	4 250 000
Investment properties	(29)		137 928 366	117 718 530	120 313 395
Right of use - assets	(30-1)		54 496 633	-	-
Trade and notes receivable	(20-2)		794 441 952	615 182 905	291 548 105
Deffered tax assets	(15)		64 271 015	28 336 690	-
Total non-current assets			3 870 926 883	1 171 844 779	725 244 937
Current assets					
Inventory	(17)		7 876 394	7 026 360	8 216 290
Completed units ready for sale	(18)		69 642 963	17 049 107	21 884 293
Works in process	(19)		14 375 083 694	13 645 418 623	8 820 311 729
Trade and notes receivable	(20-1)		1 218 170 107	1 021 118 791	721 366 660
Debtors and other debit balances	(21)		2 995 420 876	3 023 371 253	2 659 677 232
Loans to joint ventures	(22)		-	-	-
Financial investments at amortized cost «treasury bills»	(23)		674 786 982	1 377 693 049	1 927 465 583
Cash and cash equivalents	(24)		1 535 698 054	1 488 108 459	1 363 217 018
Total current assets			20 876 679 070	20 579 785 642	15 522 138 805
Total assets			24 747 605 953	21 751 630 421	16 247 383 742
Equity					
Issued & paid in capital	(31-1)		1 424 789 472	1 396 715 488	1 369 194 672
Legal reserve	(31-2)		223 686 635	213 930 055	213 930 055
Special reserve - share premium	(31-3)		1 382 852 956	1 410 926 940	1 389 595 728
Retained earnings			2 954 919 721	2 345 876 349	1 847 915 972
Profit from sale of treasury shares	(32)		1 725 456	1 725 456	1 725 456
Reserve for Employee Stock Option Plan	(49)		21 528 566	23 772 451	21 001 101
Treasury shares			-	-	(12 833)
Equity attributable to equity holders of the Company			6 009 502 806	5 392 946 739	4 843 350 151
Non-controlling interests	(33)		62 982 621	58 804 134	63 701 852
Total equity			6 072 485 427	5 451 750 873	4 907 052 003
Non-current liabilities					
Loans	(34)		1 822 342 750	1 281 130 084	933 339 597
Creditors and notes payable	(35)		13 429 153	67 545 617	276 650 024
New Urban Communities Authority	(36)		5 349 923 684	4 806 340 854	-
Lease contracts liabilities	(30-2)		46 909 744	-	-
Deffered tax liabilities			-	-	13 494 124
Total non-current liabilities			7 232 605 331	6 155 016 555	1 223 483 745
Current liabilities					
Banks facilities			226 619	-	-
Loans - Short term	(34)		433 651 176	592 714 355	586 931 449
Advances - from customers	(37)		7 619 243 097	6 789 333 414	6 913 957 354
Contractors, suppliers and notes payable	(38)		652 179 321	704 819 389	875 972 969
Income tax liabilities			294 881 455	246 244 633	251 657 246
New Urban Communities Authority	(36)		262 491 314	97 370 724	-
Creditors and other credit balances	(39)		1 829 169 680	1 526 466 573	1 184 283 289
Lease contracts liabilities	(30-2)		14 251 473	-	-
Provision	(40)		336 421 060	187 913 905	304 045 687
Total current liabilities			11 442 515 195	10 144 862 993	10 116 847 994
Total liabilities			18 675 120 526	16 299 879 548	11 340 331 739
Total equity and liabilities			24 747 605 953	21 751 630 421	16 247 383 742

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

Financial Manager	Group Financial Controller	Chief Financial Officer	Managing Director	Chairman
Mohamed Samir	Ahmed Hegazi	Omar Elhamawy	Magued Sherif	Osama Saleh
«Auditor’s report attached»				

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

- For the Financial Year Ended December 31 2020

EGP	Note No	2020	2019
Revenues			
Sales of real estate	(6)	5 188 606 961	5 118 423 331
Revenues of services of managing cities and resorts		328 571 579	227 876 141
Revenues of investment property		39 584 316	19 047 908
Revenues from clubs and golf course		16 729 253	16 646 776
Total operation revenues		5 573 492 109	5 381 994 156
Cost of sales			
Cost of sales of real estate	(7)	(3 454 301 143)	(3 605 283 907)
Cost of services of managing cities and resorts		(253 101 380)	(203 068 270)
Cost of invetment property		(11 299 895)	(11 185 566)
Cost of clubs and golf course		(74 156 247)	(47 718 168)
Total operation costs		(3 792 858 665)	(3 867 255 911)
Gross profit		1 780 633 444	1 514 738 245
Other operating revenues	(8)	105 029 030	74 919 495
Selling and marketing expenses	(9)	(378 277 480)	(385 105 870)
General and administrative expenses	(10)	(500 311 866)	(493 507 197)
Other operating expenses	(11)	(4 023 008)	(1 998 444)
Reversal / (Charges) for expected credit losses	(12)	14 467 023	(6 634 720)
Operating profit		1 017 517 143	702 411 509
Finance income	(13)	220 823 680	443 991 289
Finance cost	(14)	(147 706 518)	(216 318 103)
Net finance income		73 117 162	227 673 186
Net profit before tax		1 090 634 305	930 084 695
Income tax	(15)	(264 675 048)	(208 839 940)
Profit for the year		825 959 257	721 244 755
Attributable to:			
Equity holders of the Company		819 650 973	719 405 021
Non-controlling interests	(33)	6 308 284	1 839 734
Net profit for the year		825 959 257	721 244 755
Earnings per share (EGP / Share)	(16)	2.30	2.02

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

- For the Financial Year Ended December 31 2020

EGP	Note No	2020	2019
Profit of the year			
		825 959 257	721 244 755
Total other comprehensive income items for the year after income tax			
		-	-
Total comprehensive income of the year		825 959 257	721 244 755
Total comprehensive income is attributable to:			
Equity holders of the Company		819 650 973	719 405 021
Non-controlling interests	(33)	6 308 284	1 839 734
Total comprehensive income for the year		825 959 257	721 244 755

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For The Financial Year Ended December 31 2020

EGP	Note Issued and paid in capital	Legal reserve	Special reserve- share premium	Retained earnings	Treasury shares	Profit / (losses) from selling of treasury shares	Reserve for Employee Stock Option Plan	Total	Non-Controlling interests	Total equity
Balance as at December 31, 2018	1 369 194 672	213 930 055	1 389 595 728	1 847 915 972	(12 833)	1 725 456	21 001 101	4 843 350 151	63 701 852	4 907 052 003
Total comprehensive income										
Net profit for the year	-	-	-	719 405 021	-	-	-	-	1 839 734	721 244 755
Other comprehensive income items	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	719 405 021	-	-	-	-	1 839 734	721 244 755
Transactions with owners of the Company										
Increase in capital	27 520 816	-	(27 520 816)	-	-	-	-	-	-	-
Dividends	-	-	-	(219 685 098)	-	-	1 760 444	(217 924 654)	-	(217 924 654)
Transferred to special reserve-share premium	-	-	30 343 148	-	-	-	-	30 343 148	-	30 343 148
Reserve for Employee Stock Option Plan	-	-	-	-	-	-	19 519 786	19 519 786	-	19 519 786
Executed amounts of employees stock option	-	-	18 508 880	-	-	-	(18 508 880)	-	-	-
Purchasing of non-controlling interests without change in control	-	-	-	(1 759 546)	-	-	-	(1 759 546)	(2 740 454)	(4 500 000)
Dividends for non-controlling interests	-	-	-	-	-	-	-	-	(3 996 998)	(3 996 998)
Selling of treasury shares	-	-	-	-	12 833	-	-	12 833	-	12 833
Total transactions with owners of the Company	27 520 816	-	21 331 212	(221 444 644)	12 833	-	2 771 350	(169 808 433)	(6 737 452)	(176 545 885)
Balance as at December 31, 2019	1 396 715 488	213 930 055	1 410 926 940	2 345 876 349	-	1 725 456	23 772 451	5 392 946 739	58 804 134	5 451 750 873
Balance as at January 1, 2020 before adjustment	1 396 715 488	213 930 055	1 410 926 940	2 345 876 349	-	1 725 456	23 772 451	5 392 946 739	58 804 134	5 451 750 873
Adjustments of early adoption of new Egyptian Accounting Standards	(5)	-	-	(6 618 757)	-	-	-	(6 618 757)	-	(6 618 757)
Balance as at January 1, 2020 after adjustment	1 396 715 488	213 930 055	1 410 926 940	2 339 257 592	-	1 725 456	23 772 451	5 386 327 982	58 804 134	5 445 132 116
Total comprehensive income for the year										
Net profit for the year	-	-	-	819 650 973	-	-	-	-	819 650 973	825 959 257
Other comprehensive income items	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	819 650 973	-	-	-	-	819 650 973	825 959 257
Transactions with owners of the Company										
Increase in capital	28 073 984	-	(28 073 984)	-	-	-	-	-	-	-
Transferred to legal reserve	-	9 756 580	-	(9 756 580)	-	-	-	-	-	-
Dividends to employees in subsidiaries	-	-	-	(2 503 670)	-	-	-	(2 503 670)	-	(2 503 670)
Dividends	-	-	-	(211 248 380)	-	-	1 936 488	(209 311 892)	-	(209 311 892)
Reserve for bonus and incentive plan	-	-	-	-	-	-	14 961 380	14 961 380	-	14 961 380
Dividends to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	(2 129 797)	(2 129 797)
Transferred to profit or loss - credit interest on ESOP account	-	-	-	-	-	-	378 033	378 033	-	378 033
Transferred to retained earnings- unexecuted stock option	-	-	-	19 519 786	-	-	(19 519 786)	-	-	-
Total transactions with owners of the Company	28 073 984	9 756 580	(28 073 984)	(203 988 844)	-	-	(2 243 885)	(196 476 149)	(2 129 797)	(198 605 946)
Balance at December 31, 2020	1 424 789 472	223 686 635	1 382 852 956	2 954 919 721	-	1 725 456	21 528 566	6 009 502 806	62 982 621	6 072 485 427

Fixed assets including fully depreciated assets amounted to EGP 95 560 626 at December 31, 2020.

CONSOLIDATED STATEMENT OF CASH FLOWS

- For the Financial Year Ended December 31 2020

EGP	Note No.	2020	2019
Cash flows from operating activities			
Net profit for the year before tax		1 090 634 305	930 084 695
Adjustments for:			
Depreciation of fixed assets, investment properties and Right in use assets	(30) , (29) , (25)	73 362 383	50 237 096
Capital (gain) loss	(11) , (8)	(359 679)	55 727
Interest on lease contract liabilities	(14)	5 409 812	-
Return on investments at amortized cost	(13)	(151 573 510)	(283 936 716)
Revenue from sale of investments at fair value through OCI		-	(4 410 844)
Credit interest for the amount for bonus and incentive plan set aside		378 033	-
Impairment in associates & joint ventures		931 622	1 690 535
Provisions formed	(40)	212 335 736	142 176 091
Provisions no longer required	(40)	-	(13 021 400)
Reversal of impairment of property, plant and equipment	(8)	(1 822 589)	(1 822 589)
(Reversal) expected credit loss	(12)	(14 467 023)	6 634 720
Employees stock option plan expense in shares	(10)	14 961 380	19 519 786
Changes in:			
Inventory		(850 034)	1 189 930
Finished units available for sale		(64 542 505)	(138 983)
Works in process		(1 376 165 651)	(17 756 130)
Trade and notes receivable		(378 348 609)	(623 303 263)
Debtors and other debit balances		45 231 898	(366 067 356)
Loans to joint ventures		(904 668)	(4 257 485)
Provisions used	(40)	(63 828 581)	(245 286 473)
Advances from customers		(37 986 446)	(124 623 940)
Contractors, suppliers and notes payable		(52 640 068)	(380 257 987)
Creditors and other credit balances & NUCA		131 734 600	342 183 284
Paid income tax		(251 972 551)	(256 083 367)
Restricted cash		4 760 391	24 180 393
Net cash (used in) operating activities		(815 721 754)	(803 014 276)
Cash flows from investing activities			
Payments for purchase of fixed assets, projects under construction		(66 844 737)	(47 859 823)
Payments for investments at amortized cost		(1 821 647 641)	(2 599 146 919)
Proceeds from sale of investments at fair value through OCI		-	8 660 844
Proceeds from investments at amortized cost		2 676 127 218	3 432 856 169
Payments for operating lease contracts liabilities		(20 187 390)	-
Payments for acquiring additional shares in subsidiaries		-	(4 500 000)
Proceeds from sale of fixed assets		821 579	68 117
Net cash generated from investing activities		768 269 029	790 078 388
Cash flows from financing activities			
(Payments for) banks - credit facilities		(977 091)	(2 344 483)
Proceeds banks - credit facilities		1 203 710	2 344 483
Proceeds from loans		879 460 460	1 010 504 842
(Paid to) loans		(565 993 124)	(656 931 449)
Proceeds from sale of treasury shares		-	12 833
Dividends to employees and BOD of subsidiaries		(2 503 670)	-
Dividends to non-controlling interests		(2 129 797)	(3 996 998)
Proceeds from bounce, stock option and incentive plan		-	30 343 148
Dividends paid		(209 071 518)	(217 924 654)
Net cash generated from financing activities		99 988 970	162 007 722
Net increase in cash and cash equivalents		52 536 245	149 071 834
Cash and cash equivalents at January 1		1 475 069 580	1 325 997 746
Cash and cash equivalents at December 31	(24)	1 527 605 825	1 475 069 580

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- For the Financial Year Ended December 31 2020

1. Background and activities

1.1 Sixth of October for Development and Investment Company “SODIC”– 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 purpose of the Company 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 and 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 Company is listed on the Egyptian Exchange.

1.5 The interim consolidated financial statements of Sixth of October for Development & Investment Company “SODIC” (the Parent Company) for the financial period ended September 30, 2020 comprise the financial statements of the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in the profit or loss of associates and joint ventures. The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Osama Saleh is the Chairman for the Parent Company and Mr. Maged Sherif is the Managing Director of the Parent Company.

2. Basis of preparation of consolidated financial statements Compliance with accounting standards and laws

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The consolidated financial statements were approved by the Board of Directors on March 28, 2021.
- Details of the Group’s accounting policies are included in Note (54).

- These are the first consolidated financial statements of the Company in which Egyptian Accounting Standard

No.47 “Financial instruments”, Egyptian Accounting Standard No.48 “Revenue from Contracts with Customers”, and Egyptian Accounting Standard No. 49 “Lease contracts” have been applied. The related changes to significant accounting policies are described in Note No. (5).

3. Functional and presentation currency

- The consolidated financial statements are presented in Egyptian Pounds, which is the Company’s functional currency.

4. Use of judgment and estimates

- In preparing the consolidated financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgments, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed on an ongoing basis.
- The recognition of the change in accounting estimates in the period in which the change in estimate, if the change affects only that period, or in the period of change and future periods if the change affects both.

A. Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Revenue recognition: revenue is recognized as detailed in the accounting policies applied.
- Equity-accounted investees (associate Companies): whether the Company has significant influence over an investee.
- Lease contracts classification.

B. Assumptions and estimation uncertainties

- Information about assumptions and estimation uncertainties at December 31, 2020 that might have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Measurement of ECL for cash at banks, trade and notes receivable and other financial assets.

C. Measurement of fair values

A certain number of the Company’s accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - Level 2: inputs of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
 - Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- The Company recognizes transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.
- Further information about the assumptions made in measuring fair values is included in the following notes:
- Share-based payments.
 - Financial instruments.
 - Investment properties.

5. Changes in significant accounting policies

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. On April 12, 2020, the Egyptian Financial Regulatory Authority has agreed to postpone the application of the new Egyptian Accounting Standards on the periodic financial statements that will be issued during the year 2020. On September 17, 2020, the Prime Minister issued Decree No. 1871 of 2020 to postpone applying the following Egyptian Accounting Standards to January 1st, 2021.

- Egyptian Accounting Standard No.47 "Financial instruments"
- Egyptian Accounting Standard No.48 "Revenue from Contracts with Customers"
- Egyptian Accounting Standard No. 49 "Lease contracts"

- The Group management has decided to early adopt Egyptian Accounting Standard No. 47 "Financial instruments" (see A), Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers" (see B), and Egyptian Accounting Standard No. 49 "Lease contracts" (see C) from January 1, 2020.
- The Group has chosen to use the modified retrospective approach in implementing the above mentioned standards, hence recognizing differences resulting from the implementation of the new standards "if any" in retained earnings at January 1, 2020. Comparative information was not restated to reflect the requirements of the new standards.

The following table presents the following:

- The transitional impact that adoption of Egyptian Accounting Standard No. 47 "Financial instruments", Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers", and Egyptian Accounting Standard No. 49 "Lease contracts" is expected to have on the opening balances of the Group's financial position, as of January 1, 2020.

Reclassifications of comparative information of the Group's financial position as at December 31, 2019 "Note No.51".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- For the Financial Year Ended December 31

	Opening balances of financial position before reclassifications		Reclassifications	Opening balances of financial position		Impact of EAS 47 Classification and measurement		Impact of EAS 48 Impairment		Impact of EAS 49	Adjusted balances of financial position	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Non-current assets												
Right-of-use assets			-	-	-	-	-	-	-	-	63 828 713	63 828 713
Notes receivable	9 227 550 853	(8 612 367 948)		615 182 905							615 182 905	615 182 905
Other non-current assets	556 661 874	-		556 661 874							556 661 874	556 661 874
Total non-current assets	9 784 212 727	(8 612 367 948)		1 171 844 779						-	63 828 713	1 235 673 492
Current assets												
Works in process	13 645 418 623			-	13 645 418 623							
Trade and notes receivable	3 895 838 189	(2 874 719 398)		1 021 118 791					867 896 129		-	14 513 314 752
Debtors and other debit balances	1 964 137 409	1 059 233 844		3 023 371 253				(144 057)			-	1 021 118 791
Cash and cash equivalents	2 596 006 141	(1 107 897 682)		1 488 108 459				(170 618)			-	3 023 227 196
Other current assets	24 075 467	-		24 075 467							-	1 487 937 841
Total current assets	22 125 475 829	(2 923 383 236)		19 202 092 593							-	24 075 467
Total assets	31 909 688 556	(11 535 751 184)		20 373 937 372						867 896 129	63 828 713	21 305 347 539
Equity												
Equity attributable to equity owners of the parent	5 392 946 739			-	5 392 946 739			(314 675)		-	(6 304 082)	5 386 327 982
Non-controlling interests	58 804 134			-	58 804 134			-		-	-	58 804 134
Total equity	5 451 750 873			-	5 451 750 873			(314 675)		-	(6 304 082)	5 445 132 116
Non-current liabilities												
Lease liabilities	-			-	-			-		-	46 711 515	46 711 515
Other non-current liabilities	6 155 016 555			-	6 155 016 555			-		-	-	6 155 016 555
Total non-current liabilities	6 155 016 555			-	6 155 016 555			-		-	46 711 515	6 201 728 070
Current liabilities												
Advances - from customers	17 743 774 560	(10 954 441 146)		6 789 333 414						867 896 129	-	7 657 229 543
Lease liabilities	-			-	-					-	23 421 280	23 421 280
Other current liabilities	3 936 839 617	(581 310 038)		3 355 529 579						-	-	3 355 529 579
Total current liabilities	21 680 614 177	(11 535 751 184)		10 144 862 993						867 896 129	23 421 280	11 036 180 402
Total equity & liabilities	33 287 381 605	(11 535 751 184)		21 751 630 421				(314 675)		867 896 129	63 828 713	22 683 040 588

A. Egyptian Accounting Standard No. (47) – Financial Instruments

Egyptian Accounting Standard No. 47 sets out requirements for recognition and measuring financial assets & liabilities, and certain contracts for buying and selling non-financial items. This standard replaces the Egyptian Accounting Standard No.25 Financial instruments: presentation and disclosure, Egyptian Accounting Standard No. 26 Financial instruments: recognition and measurement, and Egyptian Accounting Standard No. 40 Financial instruments: disclosures.

- **Classification and measurement of financial assets and financial liabilities**

The new standard requires the Group to assess the classification of financial assets on its balance sheets in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Group has for a specific class of financial assets.

Egyptian Accounting Standard No.47 no longer has an “Available-for-sale” classification for financial assets. The new standard has different requirements for debt or equity financial assets.

- Debt instruments should be classified and measured either at:

- Amortized cost, where the effective interest rate method will apply;
- Fair value through other comprehensive income, with subsequent recycling to the income statement upon disposal of the financial asset; or
- Fair value through profit or loss.

- Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:

- Fair value through other comprehensive income, with subsequent recycling to the statement of profit or loss upon disposal of the financial asset; or
- Fair value through profit or loss.

The Group will continue to initially measure financial assets at fair value in addition to transaction cost upon initial recognition, except for financial assets measured at fair value through profit or loss, consistent with current practices. The majority of the financial assets classifications will not be impacted by the transition Egyptian Accounting Standard No.47 on January 1, 2020. The reclassifications upon transition to Egyptian Accounting Standard No.47 are presented in the table presented earlier in this Note.

Egyptian Accounting Standard No. 47 largely retains the existing requirements of EAS No. 26 for the classifications and measurement of financial liabilities.

The adoption of Egyptian Accounting Standard No. 47 has no significant effect on the Group’s accounting policies related to financial liabilities and derivative financial instruments.

- **Impairment**

Egyptian Accounting Standard No. 47 introduces the Expected Credit Loss model, which replaces the Incurred Loss model of ‘EAS No. 26 whereby an allowance for doubtful debt was required only in circumstances where a loss event had occurred. By contrast, the Expected Credit Loss model requires the Group to recognize an allowance for doubtful debt on all financial assets carried at amortized cost, as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective of whether a loss event has occurred.

As a result, the allowance for doubtful debt of the Group will increase upon implementation of EAS No. 47 on January 1, 2020. The expected impact of applying the Expected Credit Loss model is shown in the table presented earlier in this Note.

- **Hedge Accounting**

Egyptian Accounting Standard No. 47 allows for more possibilities for the Group to apply hedge accounting. In addition, the requirements of the standard have been more closely aligned with the Group’s risk management policies, and hedge effectiveness will be measured prospectively.

The Group has no any hedge instruments as of the date of financial position.

- **Transition**

The Group has adopted the standard using the modified retrospective approach for classification and measurement and impairment. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated.

B. Egyptian Accounting Standard No. (48) – Revenue from Contracts with Customers

Egyptian Accounting Standard No. (48) establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced the following EASs: EAS No. (11) “Revenue” and EAS No. (8) “Construction Contracts”. Revenue is recognized when a customer obtains control of the goods or services. Also, determining the timing of transfer of control at a point of time or over time - requires personal judgment.

- **Revenue recognition**

Due to the nature of the Group’s operations, as well as the Group’s existing accounting policies, the impact of Egyptian Accounting Standard No. (48) on revenue recognition by the Group will be material, as shown in the table presented earlier in this Note.

- **Costs of obtaining a contract with a customer**

Under Egyptian Accounting Standard No. (48), certain incremental costs incurred in acquiring a contract with a customer (“contract costs”), which previously did not qualify for recognition as an asset under any of the other accounting standards, will be deferred in the consolidated statement of financial position.

The expected impact of capitalizing contract costs upon implementation of Egyptian Accounting Standard No. (48) is shown in the table presented earlier in this Note.

- **Transition**

The Group has adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated.

The impact of applying Egyptian Accounting Standard No. (48) on the Group’s financial position opening balances as at January 1, 2020 is shown in the table presented earlier in this Note.

C. Egyptian Accounting Standard No. (49) – Lease Contracts

Egyptian Accounting Standard No. (49) replaces Egyptian Accounting Standard No. (20) “Accounting rules and standards related to financial leasing operations”. Egyptian Accounting Standard No. (49) “Lease Contracts” introduces a single accounting model for the lessor and the lessee, where a lessee recognizes a right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts. There are optional exemptions for short-term lease contracts and low-value lease contracts.

- As a lessor, the Group shall classify each lease contract either as an operating lease or a finance lease contract.
- For finance lease contracts, a lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as receivable with an amount equivalent to the net investment in the lease contract.
- For operating lease contracts, a lessor should recognize the lease payments of operating lease contracts as income either based on a straight-line method or based on any other regular basis.
- The impact of applying Egyptian Accounting Standard No. (49) on the Group’s financial position opening balances as at January 1, 2020 is shown in the table presented earlier in this Note.

• **Recognition and measurement**

At the beginning of the contract, the Group assesses whether the contract includes lease arrangements, and in relation to such arrangements, the Group recognizes the right-of-use assets and lease contract liabilities, except for short-term lease contracts and low-value asset contracts as follows:

- Upon initial recognition, the right-of-use asset is measured as the amount equal to initially measuring lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently the right-of-use assets will be measured at cost net of any accumulated depreciation and accumulated impairment losses. Amortization is calculated on a straight-line basis over the shorter estimated useful lives of the right-of-use assets or the lease term.

- The lease liability is measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the prevailing incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate. Subsequently, lease liabilities are measured at amortized cost using the effective interest rate method.

- Right-of-use assets and lease liabilities will be re-measured subsequently if one of the following events occurs:

- Change in lease price due to indexation or rate which has become effective in reporting period
- Modifications to the lease contract
- Reassessment of the lease term

- Leases which are short term in nature (less than 12 months including extension options) and leases of low-value items will continue to be expensed in the statement of profit or loss as incurred.

• **Transition**

The Group early adopted Egyptian Accounting Standard No. (49), using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated

On transition to Egyptian Accounting Standard No. (49) the Group elected to apply the practical method to exclude the evaluation according to which the transactions represent lease contracts. The Group applied Egyptian Accounting Standard No. (49) only to contracts that were previously identified as lease contracts. Contracts that were not identified as lease contracts under Egyptian Accounting Standard No. (20) were not reassessed. Therefore, the definition of a lease contract under Egyptian Accounting Standard No. (49) was applied only to contracts entered into or changed on January 1, 2020 or after that date. The Group used a number of the following practical incentives when applying Egyptian Accounting Standard No. (49), to lease contracts previously classified as operating lease contracts under Egyptian Accounting Standard No. (20):

- Apply a single discount rate to a group of lease contracts with identical characteristics to a reasonable extent. The weighted-average incremental rate applied to lease liabilities expected to be recognized on January 1, 2020 is 8.75%.
- Apply the exemption by not recognizing the assets and liabilities of the right-of-use assets which expire during year 2020.
- Exclude the initial direct cost from the measurement of the right-of-use assets on the date of initial application. The Group also elected to use recognition exemptions for lease contracts that do not exceed lease terms of 12 months or less from the first application date and do not include the option to purchase “short-term lease contracts” as well as low-value lease contracts “low-value assets”.

• **The significant judgments in determining the term of the lease for contracts that includes renewal options**

The Group defines the term of the lease contract as the irrevocable period of the lease contract, in addition to any periods covered by the option to extend the lease contract, if this right can be exercised in a reasonable degree, or any periods covered by the option to terminate the lease contract, if it is certain to exercise this right.

The Group has the option for certain lease contacts to lease assets for additional periods. The Group applies judgment in assessing whether it is certain and reasonable to exercise the option of renewal. This means that all relevant factors that create an economic incentive to practice renewal are taken into consideration. After the start date, the Group edits the lease term if there is a major event or change in conditions under its control and affects its ability to exercise (or not exercise) the renewal option, for example a change in business strategy.

6. Real estate sales

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

EGP	2020	2019
Revenues from the sale of Sodic projects in West Cairo	1 807 689 025	1 290 081 936
Revenues from the sale of Sodic projects in East Cairo	3 006 229 654	3 324 183 628
Revenues from the sale of Sodic projects in North Coast	327 557 093	451 756 076
	5 141 475 772	5 066 021 640
Sales Returns	(29 166 829)	-
	5 112 308 943	5 066 021 640
Interest income realized from installments during the year	179 425 677	169 083 044
Discount for early payment	(103 127 659)	(116 681 353)
	5 188 606 961	5 118 423 331

- Includes an amount of EGP 547 272 551 representing the financial component on installments collected from customers of delivered units prior to delivery in compliance with the Egyptian Accounting Standard No. 48.

7. Cost of real estate sales

EGP	2020	2019
Cost of sales of Sodic projects in West Cairo (*)	1 214 514 056	755 652 470
Cost of sales of Sodic projects in East Cairo	2 042 764 591	2 580 643 419
Cost of sales of Sodic projects in North Coast	211 235 138	268 988 018
	3 468 513 785	3 605 283 907
Cost of sales returns	(14 212 642)	-
	3 454 301 143	3 605 283 907

- Includes an amount of EGP 547 272 551 representing the capitalized interest on installments collected from customers of delivered units.

(*) Includes an amount of EGP 52 340 942 (2019: EGP 70 548 000) representing the adjustment to the cost of land for SODIC West El Sheikh Zayed plot, as shown in detail in Note (19).

8. Other operating revenues

EGP	2020	2019
Delay penalties and cancellations	85 449 835	54 106 406
Other income	17 396 926	14 320 258
Capital Gain	359 679	-
Gain from sale of investments	-	4 410 844
Reversal of impairment of property, plant and equipment	1 822 590	1 822 589
Provisions no longer required	-	259 398
	105 029 030	74 919 495

9. Selling and marketing expenses

EGP	2020	2019
Salaries and wages	52 662 934	44 386 281
Sales commissions	151 810 693	148 418 060
Advertising expenses	95 736 571	113 542 018
Conferences, exhibitions and events	25 935 364	39 011 885
Rent (*)	2 999 856	15 240 806
Maintenance, cleaning and agriculture	2 226 758	2 814 739
Travel, transportation and cars	665 902	728 303
Professional and consultants’ fees	10 183 258	5 588 905
Tips and gifts	5 879 504	581 209
Depreciation & amortization	15 132 749	2 334 833
Employees vacations	822 140	13 899
Fees and stamps	2 747 058	3 327 605
Printing and photocopying	3 841 350	3 566 081
Others	7 633 343	5 551 246
	378 277 480	385 105 870

(*) Rent expense for year 2019 includes operating lease contracts which are subject to EAS No. 49. The Group has adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated.

10. General and administrative expenses

EGP	2020	2019
Salaries, wages and bonuses (10-1)	204 643 194	180 347 856
Board of Directors’ remunerations and allowances	8 410 864	12 328 421
Training, medical care, meals & uniforms	19 671 687	21 520 980
Employees Stock Option Plan (10-2)	14 961 380	19 519 786
Specific employees benefits	2 278 830	4 764 068
Maintenance, cleaning, agriculture and security	92 173 147	76 824 225
Professional and consultancy fees	25 980 757	51 467 112
Advertising, exhibitions and conferences	721 895	1 353 536
Donations	5 253 170	5 020 566
Gifts and tips	12 105 917	4 160 088
Depreciation & amortization	32 320 437	29 147 481
Reception and hospitality	1 629 379	2 326 448
Stationery and computer supplies	12 300 582	11 425 836
Communication, electricity, telephone and water	16 542 052	19 686 873
Subscriptions and governmental dues	5 554 104	4 984 133
Rent (10-3)	6 451 073	3 562 874
Travel and transportation	3 194 270	5 632 568
Bank charges	9 736 073	9 181 544
Employees vacations	3 118 469	3 357 967
Insurance installments	1 382 962	1 111 011
Contribution to Takaful system for health insurance	13 064 783	15 568 837
Real estate property tax expense	-	1 874 475
Others	8 816 841	8 340 512
	500 311 866	493 507 197

(10.1) This item includes salaries of the executive members of the Board of Directors as follows:

EGP	2020	2019
Salaries	14 598 120	15 425 704
	14 598 120	15 425 704

(10.2) Represents the fair value of the option granted at the grant date for beneficiaries of the Employees Stock Option Plan granted to the executive board members and the directors as shown in Note (49).

(10.3) Rent expense for year 2019 includes operating lease contracts which are subject to EAS No. 49. The Group has adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated.

11. Other operating expenses

EGP	2020	2019
Claims provisions	3 091 386	252 182
Capital losses	-	55 727
Shares in associates and joint ventures	931 622	1 690 535
	4 023 008	1 998 444

12. Charges / (Reversal) of expected credit losses

EGP	2020	2019
Expected credit losses on loans to joints ventures	904 668	4 257 485
Expected credit losses on receivables and notes receivable	2 038 246	-
Expected credit losses on cash at banks	15 641	-
Expected (Reversal of) credit losses on debtors & other debit balances	(17 425 578)	2 377 235
	(14 467 023)	6 634 720

13. Finance income

EGP	2020	2019
Interest income	69 250 170	160 054 573
Return on investment at amortized cost	151 573 510	283 936 716
	220 823 680	443 991 289

14. Finance cost

EGP	2020	2019
Interest expense	136 441 197	185 493 985
Foreign exchange losses from balances denominated in foreign currencies	5 855 509	30 824 118
Interest on operating lease contracts	5 409 812	-
	147 706 518	216 318 103

15. Income tax

A. Items recognized in the profit or loss

EGP	2020	2019
Current income tax	300 502 723	250 363 737
Tax on dividends	106 650	307 017
Deferred income tax (benefit)	(35 934 325)	(41 830 814)
	264 675 048	208 839 940

B. Deferred tax assets and liabilities movement

December 31, 2020	Balance as at 31/12/2020				
	Balance as at 1/1/2020 asset / (liability)	Charged to profit or loss	Deferred tax resulted in asset	Deferred tax resulted in (liability)	Net deferred tax resulted in (Liability) / Asset
	EGP	EGP	EGP	EGP	EGP
Property, plant and equipment	(3 027 994)	(2 480 516)	-	(5 508 510)	(5 508 510)
Foreign exchange translation	(8 403 760)	1 287 228	-	(7 116 532)	(7 116 532)
Provisions	39 768 444	32 715 015	72 483 459	-	72 483 459
Carried forward tax losses	-	4 412 598	4 412 598	-	4 412 598
Net	28 336 690	35 934 325	76 896 057	(12 625 042)	64 271 015

December 31, 2019	Balance as at 31/12/2019				
	Balance as at 1/1/2019 asset / (liability)	Charged to profit or loss	Deferred tax resulted in asset	Deferred tax resulted in (liability)	Net deferred tax resulted in (Liability) / Asset
	EGP	EGP	EGP	EGP	EGP
Property, plant and equipment	(2 988 725)	(39 269)	-	(3 027 994)	(3 027 994)
Foreign exchange translation	(10 596 160)	2 192 400	-	(8 403 760)	(8 403 760)
Provisions	90 761	39 677 683	39 768 444	-	39 768 444
Net	(13 494 124)	41 830 814	39 768 444	(11 431 754)	28 336 690

C. Liability for temporary differences related to investments in subsidiaries, associates and joint ventures were not recognized because the Group controls the timing of the reversal of the related temporary differences and is satisfied that they will not reverse in the foreseeable future.

D. Reconciliation of effective income tax rate

EGP	2020	2019
Profit before income taxes	1 090 634 304	930 084 695
Tax rate	22.50%	22.50%
Income tax using the domestic corporation tax rate	245 392 718	209 269 057
Effects of loss brackets	13 191 064	7 748 843
Non-deductible expenses / income	39 120 716	40 208 241
Provisions	(32 715 015)	(39 677 683)
Foreign exchange	(1 287 228)	(2 192 400)
Special tax pool (treasury bills)	(3 789 338)	(7 098 418)
Depreciation of assets	2 480 516	39 269
Tax adjustment related to prior years	2 281 615	543 031
Tax as per consolidated income statement	264 675 048	208 839 940
Effective tax rate	24.27%	22.45%

E. Unrecognized deferred tax assets

EGP	31/12/2020	31/12/2019
Temporary deductible differences	133 089 430	161 202 142
Tax losses carried forward	17 785 082	47 836 625
	150 874 512	209 038 767

Deferred tax assets have not been recognized in respect of the above-mentioned items because of uncertainty associated with the taxable profit to cover these tax assets

16. Earnings per share

A. Consolidated earnings per share

Earnings per share as at December 31, 2020 is calculated based on the Group’s share in earnings for the year using the weighted average number of outstanding shares during the year, as follows:

EGP	2020	2019
Net profit for the year (Parent Company share)	819 650 973	719 405 021
Employees share of profit	-	-
Board of Directors' remunerations	-	-
Employees and Board of Directors’ share in subsidiaries and associates companies	-	-
	819 650 973	719 405 021
Weighted average number of shares outstanding during the year (*)	356 197 368	356 197 368
Earnings per share (EGP / share)	2.30	2.02

B. Separate earnings per share

Earnings per share as at December 31, 2020 is calculated based on the Parent Company’s share in earnings for the year according to the separate financial statements using the weighted average number of outstanding shares during the year, as follows:

EGP	2020	2019
Net profit for the year (according to the separate financial statements)	23 082 696	195 131 603
Employees ‘ share of profit	-	-
Board of Directors’ remunerations	-	-
	23 082 696	195 131 603
Weighted average number of shares outstanding during the year (*)	356 197 368	356 197 368
Earnings / per share (EGP / share)	0.06	0.55

The average number of shares outstanding was calculated taking into account the increase in the issued share capital by LE 28 073 948 distributed over the number of 7 018 496 shares to the beneficiaries of the Employees Stock Option Plan, which were registered in the Company’s Commercial Register on 23 December 2020.

17. Inventory

EGP	2020	2019
Maintenance, operation and communication supplies	7 876 394	7 026 360
	7 876 394	7 026 360

18. Completed units ready for sale

EGP	2020	2019
Cost of completed commercial & administrative units	62 777 937	16 400 840
Cost of completed residential units	6 865 026	648 267
	69 642 963	17 049 107

19. Work in process

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

EGP	2020	2019
West Cairo projects costs (19-1)	8 641 911 634	8 759 750 795
East Cairo projects costs	5 491 001 322	4 571 242 197
North Coast projects costs (19-2)	242 170 738	314 425 631
	14 375 083 694	13 645 418 623

- Includes an amount of EGP 935 589 312 representing the value of capitalized interest on installments collected from customers.
- An amount of EGP 2.048 billion has been reclassified during the year to Investment properties under development, as the Group management has decided to lease out those real estate units upon completion instead of selling these units (Note 27).

19.1 West Cairo projects costs

- A. Al Yosr for Projects and Agricultural Development (“Al Yosr”) is SODIC’s fully owned subsidiary. Al Yosr has received a letter from the New Urban Communities Authority (“NUCA”) with respect to the 300-acre plot (circa 1.26 million square meters) of land owned by Al Yosr and located in the Sheikh Zayed City extension area as determined by the Presidential Decree No. 77. The letter informs Al Yosr of NUCA’s Board of Directors’ decision regarding the payment required to be made by land owners in order for NUCA to deliver infrastructure to the

plot and change the land usage from agricultural to residential, increasing the allowable built-up area within the limits of presidential decree (77-230 of 2017). In consideration of the above Al Yosr will make an in-kind payment of 50% of the land. On July 11, 2019, an agreement was concluded between Al Yosr and the New Urban Communities Authority (NUCA) to relinquish 50% of the above-mentioned plot in return for delivering infrastructure to the plot and changing the land usage from agricultural to residential. The project Master plan was submitted to the New Urban Communities Authority and was approved. The first phase of the project was launched on September 29, 2019 under the name of The Estates.

B. Company’s land settlement in El Sheikh Zayed

The balance includes approximately EGP 285 million, representing the present value at inception of the share of the work under construction from the settlement amount of the Company’s land in Sheikh Zayed as a component of the cost of the units whose revenues will be recognized in the statement of income or losses for future years. This amount represents the remainder of the present value of a total settlement amount of EGP 800 million with the Illicit Gains Authority (“IGA”).

- C. The balance includes an amount of EGP 5 986 469 854, representing the net present value of the project’s minimum land payments for the 500 acres in Sheikh Zayed extension, in addition to the capitalized interests in accordance with the co-development agreement between the Company and the New Urban Communities Authority with a minimum guarantee to the Authority of EGP 14.22 billion, as shown in details in Note (36).

19.2 North Coast projects costs

The balance includes EGP 52.6 million paid to Owners Union – Shahin, representing the variable cost of Malaaz project land, as on March 8, 2018, the Company signed two co-development contracts for a residential and tourism project for two land plots of approximately 308 acres on the North Coast with the owners, as follows:

- Contract signed with Owners Union – Shahin for the land plot of approximately 111 acres (the first plot).
- Contract signed with the Alammar Company for Urban Expansion for the land plot of approximately 197 acres (the second plot).

Accordingly, SODIC, at its own expense and under its responsibility, will implement, finance, market and sell the units of the two projects and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract, and will accordingly share the revenue according to the defined percentages in the contract for each component of the project. According to the first plot’s contract, the Company paid an amount of EGP 30 million, which represents down payment which will be settled during a three-year period in equal installments against Owners Union – Shahin’s share in the project revenues, in accordance with the co-development contract. On July 4, 2018, according to the co-development contract, Sixth of October for Development and Investment Company “SODIC” notified the Owners Union – Shahin that Tabrouk Development Company, a 99% owned subsidiary of SODIC, will replace it in the above-mentioned co-development contract dated March 8, 2018, and all rights and obligations will be transferred to Tabrouk Development Company from July 4, 2018. The Group also paid EGP 25.9 million on behalf of Owners Union – Shahin to settle land installment for year 2018, and collected from Owners Union – Shahin EGP 3.3 million, thus the net amount paid up until December 31, 2020 amounted to EGP 52.6 million. The legal procedures for transferring the subordination of the project to the New Urban Communities Authority are being in accordance with Presidential Decree No. 361 of year 2020.

20. Trade and notes receivable

20.1 Trade and notes receivable current

EGP	2020	2019
Trade receivable	163 874 928	150 111 423
Notes receivable – units *	1 097 831 315	929 713 213
Trade receivable - others	13 831 523	-
	1 275 537 766	1 079 824 636
Deduct:		
Unamortized interest – notes receivable	55 037 010	58 413 442
	1 220 500 756	1 021 411 194
Deduct:		
Expected credit losses on trade and notes receivable	2 330 649	292 403
	1 218 170 107	1 021 118 791

The balance of notes receivable - units, represents the value of notes receivable received from real estate delivered-units customers that are due within 12 months from the date of the financial position.

20.2 Trade and notes receivable non-current

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

EGP	2020	2019
Receivables	7 381 016	-
Notes receivable – units’ installments *	958 428 519	813 946 074
	965 809 535	813 946 074
Deduct:		
Unamortized interest	171 367 583	198 763 169
	794 441 952	615 182 905

* The balance of notes receivable - units, represents the value of notes receivable received from real estate delivered-units customers that are due after 12 months from the date of the financial position.

- Notes receivable not included in the financial statements, amounting to EGP 13.78 billion, have been disclosed in note No. (47)

The Group’s exposure to credit, and currency risks related to trade and notes receivable, is disclosed in Note No. (43).

21. Debtors and other debit balances

EGP	31/12/2020	31/12/2019
Contractors and suppliers – Advance payments	773 630 738	1 180 300 689
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued revenues	80 517 996	81 807 684
Due from related parties	3 651 669	3 651 669
Prepaid expenses and sales commissions	549 700 686	465 054 188
Deposits with others	16 638 899	10 144 863
Tax Authority	68 216 743	76 330 984
Due from the bonus and incentives plan to employees and managers’ fund	4 235 615	1 921 094
Heliopolis Development and Housing Company (21-1)	228 532 600	165 064 796
Bank accounts – Joint arrangements (21-2)	29 460 643	22 177 303
Bank current accounts & deposits - Maintenance (21-3)	1 271 821 718	1 067 720 406
Debtors from projects maintenance	25 332 873	21 014 912
Other debit balances	13 527 150	15 670 996
	3 100 458 950	3 146 051 204
Deduct: -		
Expected credit losses on debtors and other debit balances	105 038 074	122 679 951
	2 995 420 876	3 023 371 253

21.1 This item represents the amount paid as a down payment to Heliopolis Housing and Development Company. This amount will be settled with Heliopolis Housing and Development Company’s revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned by Heliopolis Housing and Development Company with an area of 655 acres in New Heliopolis City. Heliopolis Housing and Development Company will earn a share of the revenue, with a minimum guarantee amounting to EGP 5.01 billion. The two parties have agreed that the Company, at its own expense and under its responsibility, will implement, finance, market and sell the units of the project and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract, and will accordingly share the revenue (according to the defined percentages in the contract for each component of the project). The Board of Directors, in its session held on August 11, 2020, has agreed to amend the terms and conditions of the co-development contract with Heliopolis Housing and Development Company, including the amendment of the minimum guarantee according to the co-development contract, by increasing the minimum guarantee, rescheduling the annual payments, taking into consideration reducing the scheduled payments required of the company during the next five years, while maintaining the same present value and the overall time period of the reimbursements. The board decided to delegate the managing director to negotiate and sign on behalf of the company all the documents and contracts necessary in this regard.

21.2 This balance represents the Company’s share of the collected amounts from customers in the joint accounts held by the banks for SODIC East project. These balances are restricted unless agreed upon by both the developer and the owner in accordance with the contract terms of the joint bank accounts between the company as a developer, the bank, and the owner.

21.3 The balance represents maintenance deposits collected from customers, which have been invested in time deposits and interest-bearing current accounts for the purpose of financing the regular maintenance expenses related to the delivered units, and cannot be used for any other purpose. The Group’s exposure to credit and currency risks related to debtors and other debit balances is disclosed in Note No. (43).

22. Loans to joint ventures

EGP	31/12/2020	31/12/2019
This item represents the loan granted to the joint venture project in the Syrian Arab Republic 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 December 31, 2011. The loan was renewed 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 in the Syrian Arab Republic on October 28, 2010 for a total amount of USD 8 445 674. The loan carries an interest rate of 8.5% per annum.	65 037 051	64 132 383
Deduct: -	200 523 011	199 618 343
Expected credit loss on loans to joint ventures	200 523 011	199 618 343

23. Financial investments at amortized cost

EGP	31/12/2020	31/12/2019
Treasury bills at par value	692 125 000	1 453 225 000
Unearned return on treasury bills	(17 338 018)	(75 531 951)
	674 786 982	1 377 693 049

The Group’s exposure to market & interest risk related to the trading investments is disclosed in Note No. (43).

24. Cash and cash equivalents

EGP	31/12/2020	31/12/2019
Bank - time deposits *	676 735 760	1 088 648 285
Bank - current accounts	848 430 721	384 136 227
Checks under collection	6 211 241	10 686 007
Cash on hand	4 506 591	4 637 940
	1 535 884 313	1 488 108 459
Expected credit loss	(186 259)	-
	1 535 698 054	1 488 108 459

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents items are represented as follows:

EGP	31/12/2020	31/12/2019
Cash and cash equivalents before ECL	1 535 884 313	1 488 108 459
Less:		
Restricted deposits *	8 278 488	8 038 879
Deposits mature after three months	-	5 000 000
Cash and cash equivalents in the consolidated statement of cash flows	1 527 605 825	1 475 069 580

* Deposits include an amount of EGP 8.28 million restricted as a guarantee for the credit facility granted to the Parent Company and one of its subsidiaries from commercial banks.

The Group’s exposure to interest rate risk and currency risk for cash on hand and at banks which is disclosed in Note No. (43).

25. PROPERTY, PLANT, EQUIPMENT

- For the Financial Year Ended December 31

Cost	EGP	Golf Course	Lands	Buildings and Constructions	Vehicles	Furniture and Fixtures	Beach Furniture and Fixtures	Office Equipment and Communications	Computer and Software	Generators, Machinery and Equipment	Solar Power Stations	Leasehold improvements	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost at January 1, 2019	93 628 961	57 755 151	188 646 706	27 272 952	37 306 643	1 023 491	32 982 520	13 399 675	30 429 296	396 014	54 100 278	536 941 687	
Additions during the year	-	-	5 999 847	8 650 262	3 554 657	1 250 337	9 675 992	2 918 062	5 617 555	-	10 547 727	48 214 439	
Reclassification	-	-	-	-	(5 469 162)	-	(1 039 264)	1 083 433	(1 397 292)	-	6 822 285	-	
Disposals during the year	-	-	-	(13 684)	(2 640)	-	(129 997)	-	(120 000)	-	-	(266 321)	
Cost at December 31, 2019	93 628 961	57 755 151	194 646 553	35 909 530	35 389 498	2 273 828	41 489 251	17 401 170	34 529 559	396 014	71 470 290	584 889 805	
Cost at January 1, 2020	93 628 961	57 755 151	194 646 553	35 909 530	35 389 498	2 273 828	41 489 251	17 401 170	34 529 559	396 014	71 470 290	584 889 805	
Additions during the year	-	-	244 460 534	12 570 742	36 528 090	1 405 041	6 184 066	2 887 032	25 169 798	10 822 796	5 023 908	345 052 007	
Disposals during the year	-	(8 495 157)	-	(16 318)	(841 576)	(191 947)	(344 498)	-	(226 146)	-	(409 923)	(10 525 565)	
Cost at December 31, 2020	93 628 961	49 259 994	439 107 087	48 463 954	71 076 012	3 486 922	47 328 819	20 288 202	59 473 211	11 218 810	76 084 275	919 416 247	
Accumulated depreciation and impairment losses													
Accumulated depreciation and impairment losses at January 1, 2019	93 628 961	-	36 051 903	17 655 239	22 958 856	705 576	18 887 079	10 125 816	23 377 528	15 712	26 483 395	249 890 065	
Depreciation during the year	1 822 589	-	9 888 584	3 752 317	3 108 257	263 499	5 928 822	2 376 888	3 741 791	15 841	11 950 752	42 849 340	
Accumulated depreciation of disposals during the year	-	-	-	(4 181)	(2 640)	-	(123 656)	-	(12 000)	-	-	(142 477)	
Reversal of impairment losses during the year	(1 822 589)	-	-	-	-	-	-	-	-	-	-	(1 822 589)	
Reclassification	-	-	-	(26)	(2 147 877)	-	(467 894)	468 091	(825 386)	-	2 973 092	-	
Accumulated depreciation and impairment losses at December 31, 2019	93 628 961	-	45 940 487	21 403 349	23 916 596	969 075	24 224 351	12 970 795	26 281 933	31 553	41 407 239	290 774 339	
Accumulated depreciation and impairment losses at January 1, 2020	93 628 961	-	45 940 487	21 403 349	23 916 596	969 075	24 224 351	12 970 795	26 281 933	31 553	41 407 239	290 774 339	
Depreciation during the year	1 822 589	-	10 280 992	5 264 081	3 121 715	851 854	7 320 595	3 369 169	4 507 963	377 921	13 705 938	50 622 817	
Accumulated depreciation of disposals during the year	-	-	-	(16 318)	(528 711)	(191 947)	(208 274)	-	(225 521)	-	(397 737)	(1 568 508)	
Reversal of impairment losses during the year	(1 822 589)	-	-	-	-	-	-	-	-	-	-	(1 822 589)	
Accumulated depreciation and impairment losses at December 31, 2020	93 628 961	-	56 221 479	26 651 112	26 509 600	1 628 982	31 336 672	16 339 964	30 564 375	409 474	54 715 440	338 006 059	
Carrying amount													
Carrying amount at January 1, 2019	-	57 755 151	152 594 803	9 617 713	14 347 787	317 915	14 095 441	3 273 859	7 051 768	380 302	27 616 883	287 051 622	
Carrying amount at December 31, 2019	-	57 755 151	148 706 066	14 506 181	11 472 902	1 304 753	17 264 900	4 430 375	8 247 626	364 461	30 063 051	294 115 466	
Carrying amount at December 31, 2020	-	49 259 994	382 885 608	21 812 842	44 566 412	1 857 940	15 992 147	3 948 238	28 908 836	10 809 336	21 368 835	581 410 188	

Fixed assets including fully depreciated assets amounted to EGP 95 560 626 at December 31, 2020.

26. Projects under construction

This item is represented as follows:

EGP	31/12/2020	31/12/2019
Advance payments - fixtures and purchasing of fixed assets	4 774 924	550 128
Administrative buildings and caravans under construction	9 502 504	10 232 881
Hotel buildings under construction	120 497 191	104 398 714
	134 774 619	115 181 723

27. Investment properties under development

This item represents the value of real estate investments under development that have been represented from the accounts of projects in progress and work in progress, as the Group management has decided to lease those real estate units upon completion instead of selling them, as follows:

EGP	31/12/2020	31/12/2019
Leasable real estates under development in: -		
Projects in West Cairo	1 068 418 677	-
Projects in East Cairo	1 034 807 590	-
	2 103 226 267	-

28. Investments in associates and joint ventures

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

	Legal Form	Ownership Percentage		Carrying Amount	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
		%	%	EGP	EGP
Royal Gardens for Investment Property Co.	SAE	20	20	377 843	1 309 465
Palmyra SODIC Real Estate Development (A)	Syrian Ltd.	50	50	-	-
				377 843	1 309 465

Summary of financial information of associates and joint ventures: -

	Assets EGP in thousands	Liabilities EGP in thousands	Equity EGP in thousands	Foreign translation EGP in thousands	Revenues EGP in thousands	Expenses EGP in thousands
December 31, 2019						
Royal Gardens for Real Estate Investments Co.	153 061	(151 172)	(1 889)	-	(7 584)	12 217
December 31, 2018						
Royal Gardens for Real Estate Investments Co.	179 071	(172 524)	(6 547)	-	(21 593)	25 661
December 31, 2019						
Palmyra SODIC Real Estate Development (A)	130 216	(1 113 822)	923 666	55 683	-	4 257
December 31, 2018						
Palmyra SODIC Real Estate Development (A)	144 230	(1 175 670)	1 031 440	-	-	67 012

A. 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 EGP 243 million. 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., Ltd 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 EGP 481 051 416 as at December 31, 2013.

29. Investment properties

Investment properties include commercial, administrative and residential units leased out to others. The movement of the investment properties and their depreciation is as follows:

Description	Leased out EGP
Cost	
At January 1, 2019	133 809 788
Additions during the year	4 974 170
Adjustments	(181 279)
At December 31, 2019	138 602 679
At January 1, 2020	138 602 679
Additions during the year	27 811 322
At December 31, 2020	166 414 001
Less	
Accumulated depreciation	
At January 1, 2019	13 496 393
Depreciation for the year	7 387 756
At December 31, 2019	20 884 149
At January 1, 2020	20 884 149
Depreciation for the year	7 601 486
At December 31, 2020	28 485 635
Net carrying amount as at January 1, 2019	120 313 395
Net carrying amount as at December 31, 2019	117 718 530
Net carrying amount as at December 31, 2020	137 928 366

- The fair value of investment properties leased out to others amounted to EGP 855 million as at December 31, 2020.

30. Right-of-use assets and liabilities

During the year the company early adopted the Egyptian Accounting Standard No. 49 “Lease contracts”, and accordingly the Company recognized right-of-use assets and liabilities of the lease contracts.

30.1 Right of use – assets

This item represents the right of use resulting from lease contracts of sales offices, employees’ housing, software and photocopier, as follows:

Cost	EGP
At January 1, 2020	81 921 986
Additions during the year	5 806 000
At December 31, 2020	87 727 986
Less	
Accumulated amortization	
At January 1, 2020	(18 093 273)
Amortization for the year	(15 138 080)
At December 31, 2020	(33 231 353)
Net carrying amount as at January 1, 2020	63 828 713
Net carrying amount as at December 31, 2020	54 496 633

30.2 Lease contract liabilities

Present value of the total liabilities resulting from lease contracts are as follows:

EGP	31/12/2020	31/12/2019
Lease contract liabilities	73 851 164	-
Unamortized interests	(12 689 947)	-
Net present value of lease contract liabilities	61 161 217	-
Less		
Short-term lease liabilities	14 251 473	-
Long-term lease liabilities	46 909 744	-

31. Share capital and reserves

31.1 Share capital

- The authorized capital of the Company is EGP 2.8 billion and the Company’s issued and paid in capital is EGP 1 355 638 292 distributed over 338 909 573 shares with a par value of EGP 4 per share. The commercial register was notified on December 7, 2014.
- The Board of Directors has decided in the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share. This capital increase should be financed from the special reserve- Additional paid in capital, and is to be fully utilized by the Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the Extra Ordinary General Assembly dated January 20, 2016, which has decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The Commercial Register was modified on February 5, 2017.
- The Board of Directors has decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share. This capital increase should be financed from the special reserve- Additional paid in capital, and is to be fully utilized for the second and third sections from the sections of the Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the Extraordinary General Assembly dated January 20, 2016, which has decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the Board of Directors to execute the procedures of the required increase to issue new shares to be utilized in the Employees Stock Option Plan. The Commercial Register was modified on January 8, 2019.

- The Board of Directors has decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 shares of par value EGP 4 per share. This capital increase should be financed from the special reserve- Additional paid in capital, and is to be fully utilized for the fourth and fifth sections from the sections of the Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which has decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the Board of Directors to execute the procedures of the required increase to issue new shares to be utilized in the Employees Stock Option Plan. An invitation was made to hold a general assembly meeting on November 1, 2020 to consider amending articles 6 and 7 of the company statutes. The Commercial Register was modified on December 23, 2020.

- The current capital structure for the holding company:

Shareholder	Number of shares	Share value EGP	Ownership percentage %
Act Financial for Consulting SAE (and related parties)	51 203 289	204 813 156	14.37
Olayan Saudi Investment Company.	48 331 696	193 326 784	13.57
Walid Suleiman Abdelmohsen Abanumay (and related parties)	35 096 108	140 384 432	9.85
RA Six Holdings Limited	31 992 544	127 970 176	8.98
Rimco EGT Investment LLC	25 484 739	101 938 956	7.15
EKUITY Holding for Investments	17 645 257	70 581 028	4.95
Other shareholders	146 443 735	585 774 940	41.13
	356 197 368	1 424 789 472	100

31.2 Legal reserve

- The balance as at December 31, 2020 is represented as follows: -

	EGP
Legal reserve of 5% of the Company's net profits till year 2017	41 447 167
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.	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.	5 000 000
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.	39 446 365
Increase in legal reserve by 5% of 2019 net profit.	9 756 580
Deduct	
The amount used to increase the issued share capital during 2011.	223 686 635

31.3 Special reserve – share premium

- The balance as at December 31, 2020 is represented in the following:

Description	EGP
Total value of the capital increase share premiums collected for the years 2006 and 2010.	1 455 017 340
Add	
Share premium of the employees’ incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 shares which have been sold through beneficiaries of the incentive and bonus plan during 2014 at EGP 30 per share (after split).	21 375 000
The value of 537 500 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 during the capital increase in 2008 and were converted as a result of the termination of the program.	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 “the incentive and bonus plan” as a result of the termination of the program.	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.	1 180 000
The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2017 at an average of EGP 9.27 per share.	28 588 105
Share premium for issuing 3 083 938 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2017 as a result of execution.	16 630 524
The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 for an average of EGP 9.27 per share.	30 343 148
The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 for an average of EGP 9.27 per share.	18 508 880
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
Amount used for share capital increase during 2017	13 556 380
Amount used for share capital increase during 2019	27 520 816
Amount used for share capital increase during 2020	28 073 984
	1 382 852 956

32. Profit from sale of treasury shares

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

On February 1, 2015, the Parent 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. The conversion of the shares into treasury shares was executed on July 14, 2015. These shares carrying a book value of EGP 10 150 000 have been sold during the financial year ended December 31, 2016 with a selling value amounted to EGP 8 182 589 realizing a loss in the amount of EGP 1 967 411. Accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

33. Non-controlling interest

- Non-controlling interest balance as at December 31, 2020 represents the interest shares in subsidiary’s equity as follows:

December 31, 2020	Non-controlling interest				
	Percentage	Profit / (loss) for the year	Excluding profit / (loss) for the year	Balance as of 31/12/2020	Balance as of 31/12/2019
EGP	%	EGP	EGP	EGP	EGP
Sixth of October for Development and Real Estate Projects Co. “SOREAL”	0.01	49 153	228 123	277 276	228 123
Beverly Hills for Management of Cities and Resorts Co.	53.25	10 889	28 692 774	28 703 663	28 692 774
SODIC Garden City for Development and Investment Co.	50	6 246 852	27 726 908	33 973 760	29 856 705
Al Yosr for Projects and Real Estate Development Co.	0.001	(78)	24 825	24 747	24 825
SODIC for Development and Real	0.001	-	20	20	20
Edara for Services of Cities and Resorts Co.	0.003	1 468	1 683	3 151	1 683
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		6 308 284	56 674 337	62 982 621	58 804 134

34. Long-term loans

Description	31/12/2020 EGP	31/12/2019 EGP
On April 4, 2017, Sixth of October for Development and Investment Company “SODIC” signed a medium-term syndicated loan contract with a group of banks represented by Arab African International Bank “facility agent” with a total amount of EGP 1 300 million on two tranches: <ul style="list-style-type: none">• First tranche amount of EGP 243 million to finance the total debt outstanding due to the group of banks represented by Arab African International Bank.• Second tranche amount of EGP 1 057 million to finance “SODIC West” projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt.	1 099 021 749	1 030 339 597
Guarantees <ul style="list-style-type: none">• 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		
Thirty months from the date of the signature, or December 31, 2019, whichever is earlier, and this period shall apply to the principal of loan only.		
Repayment		
Commenced on December 31, 2019, and repayable in (14) quarterly unequal installments.		
On August 30, 2017, Sixth of October for Development and Investment Company “SODIC” signed a medium-term loan contract with Commercial International Bank “CIB” with a total amount of EGP 270 million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at sixth of October city, and on July 16, 2019 the total amount of the facility has been increased up to a maximum of EGP 500 million.	348 000 000	318 000 000
Guarantees <ul style="list-style-type: none">• The Company committed to deposit all revenues from the sale of the project.• The Company shall sign a mortgage and a first-degree right of transfer on the project in favor of the bank.• The Company shall get insurance cover for 110% of the project’s constructions in favor of the bank.		
Grace period:		
Three years and six months applied on the principal of the loan only from the date of first drawdown.		
Repayment:		
Commences in March 2021, and repayable in (13) quarterly unequal installments.		
After	1 447 021 749	1 348 339 597

	31/12/2020 EGP	31/12/2019 EGP
Before	1 447 021 749	1 348 339 597
On December 26, 2019, a Company's subsidiary signed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP one billion to finance the technical investment cost of EDNC Project.	234 835 592	40 504 842
Guarantees		
<ul style="list-style-type: none">The Company committed to deposit all revenues from the project.The Company shall sign a mortgage on leased units including its share in the cost of the project land within 12 months after the project completion.The Company shall get insurance cover for 110% of the project's constructions in favor of the bank.		
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 EGP 950 million to finance the repayment of advance payments and installments due to the New Urban Communities Authority against the land of the project through the funding of the Real Estate Development Model.		
On August 23, 2017, the Company signed the first addendum to the above mentioned loan agreement, increasing the facility amount by EGP 450 million (Tranche B) can be increased with an amount equal to what has been repaid under the facility of (Trance A) so the total amount of the medium-term facility after the increase will amount to EGP 1.4 billion. Based on that, the two parties have agreed to amend some of the facility contract terms and conditions.	-	485 000 000
Guarantees		
<ul style="list-style-type: none">The Company's commitment to assign all revenues arising from the project before or after the date of the facility for the benefit of the project.Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the bank and pledge the project's account.		
Availability period:		
<ul style="list-style-type: none">Tranche A commences from the signing date until December 31, 2017.Tranche B commences from the signing date until March 31, 2020. Grace period: <ul style="list-style-type: none">Tranche A three months after the end of availability period, this applies to the principle amount of the loan only.Tranche B three months after the end of availability period valid till March 31, 2020, this applies to the principle amount of the loan only.		
Repayment		
Tranche A commences at the end of the grace period, and to be paid on 8 consecutive quarters each 3 months ending December 31, 2019.		
Tranche B commences at the end of the grace period, and to be paid on 5 consecutive quarters each 3 months ending March 31, 2021.		
After	1 681 857 341	1 873 844 439

	31/12/2020 EGP	31/12/2019 EGP
Before	1 681 857 341	1 873 844 439
On September 20, 2020, a Company's subsidiary signed a medium-term facility agreement with the Arab African International Bank in its capacity as the first lender, principal arranger, bank account, facilitating agent and guarantee agent for the purpose of obtaining a loan of 2.57 billion Egyptian pounds on two tranches , tranche (A) at an amount of 620 million Egyptian pounds To refinance the outstanding debt of the Arab African International Bank, and tranche (B), at an amount of 1.95 billion Egyptian pounds, to finance the cost of completing and developing the project through a financing model for real estate development	574 136 585	-
Guarantees		
<ul style="list-style-type: none">Mortgaging project accounts in favor of the escrow agentIssuing a power of attorney in favor of the guarantee agent authorizing the guarantee agent to pledge the unsold and recovered project units immediately after the start of the project.Issuing a power of attorney in favor of the guarantee agent authorizing the guarantee agent to sell the unsold and recovered units of the project immediately after starting the implementation of the project and starting customers reservations		
Availability period:		
<ul style="list-style-type: none">Tranche (A) from the date of signing the agreement and ended on (November 30, 2020) or completing the process of refinancing the existing debt to the Arab African International Bank, whichever is soonerTranche (B) starts from the date of the end of the availability period for Tranche A and ends on December 31, 2022		
Grace period:		
<ul style="list-style-type: none">Starting from the date of the first withdrawal and ending onMarch 31, 2023, this period applies to the principal amount of the loan only		
Repayment		
Starts immediately after the end of the availability period and is paid over 18 quarterly installments ending in year 2027		
Total	2 255 993 926	1 873 844 439
Deduct: current portion		
A medium-term loan from CIB	69 600 000	-
A medium-term loan for one subsidiary from Arab African International Bank	-	363 750 000
A medium-term syndicated loan contract with group of banks represented by Arab African International Bank	364 051 176	228 964 355
Total of current portion	433 651 176	592 714 355
Total of non-current portion	1 822 342 750	1 281 130 084

35. Creditors and notes payable

	31/12/2020 EGP	31/12/2019 EGP
Total par value of the checks issued to New Urban Communities Authority.	-	75 000 000
Creditors	13 429 153	16 676
Unamortized interest	-	(7 471 059)
	13 429 153	67 545 617

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (43)

36. New Urban Communities Authority

	31/12/2020	31/12/2019
	EGP	EGP
New Urban Communities Authority	13 846 865 698	13 920 920 553
Deduct: Unamortized interest	8 234 450 700	9 017 208 975
	5 612 414 998	4 903 711 578
Deduct: Current portion	262 491 314	97 370 724
	5 349 923 684	4 806 340 854

On March 21, 2019 a co-development agreement was signed between SODIC and the Urban Communities Authority “NUCA” to establish an integrated urban project with an area of 500 acres under deficit or increase. According to the contract, NUCA share in return of the land includes an advance payment, annual cash installments in addition to a percentage of the project expected revenues with a total minimum value of EGP 14.22 billion, an amount of EGP 300 million was paid upon signing the contract and the remaining will be paid over 11 years that represents the duration of the contract.

37. Advances - from customers

	31/12/2020	31/12/2019
	EGP	EGP
Advances – Projects in West Cairo	2 012 837 379	1 587 380 352
Advances – Projects in East Cairo (37-1)	4 830 773 205	4 492 702 917
Advances – Projects on the North Coast	180 707 842	298 799 019
Advances – Clubs Memberships	555 005 278	387 583 844
Advances for other group activities	39 919 393	22 867 282
	7 619 243 097	6 789 333 414

- Includes an amount of EGP 935 589 312 representing the value of financial component on installments collected from customers

(37.1) The balance of Advances – Projects in East Cairo includes an amount of EGP 932 818 307which represents the net advances from customers of SODIC EAST project with a total value of EGP2 686 007 022. The total value has been reduced by EGP 806 731 218, which represents Heliopolis Housing and Development Company’s share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner).

- Uncollected notes receivable for undelivered units, amounting to EGP 13.06 billion that are not included in the financial statements have been disclosed in Note No. (47).

38. Contractors, suppliers and notes payable

	31/12/2020	31/12/2019
	EGP	EGP
Contractors	410 330 403	262 443 569
Suppliers	29 143 222	37 344 346
Notes payable (38-1)	212 705 696	419 716 762
	652 179 321	719 504 677
Deduct:		
Unamortized interest - notes payable	-	14 685 288
	652 179 321	704 819 389

(38.1) (38-1) Notes payable include EGP 75 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. (43).

39. Creditors and other credit balances

	31/12/2020	31/12/2019
	EGP	EGP
Amounts collected on account for management, operation and maintenance of projects *	1 284 045 656	1 148 875 865
Due to related parties	146 909	146 909
Accrued expenses	166 076 811	108 148 328
Customers - Beverly Hills – capital contributions	15 838 370	15 426 047
Customers – credit balances	79 120 978	39 158 860
Tax Authority – other than Income tax	60 851 156	41 704 336
Dividends payable	240 374	-
Accrued compensated absence	7 284 403	4 668 624
Insurance Deposits collected from customers – Against modifications	3 950 700	1 849 615
Social insurance - Contractors	10 281 810	6 946 001
Unearned revenue	4 709 096	15 627 491
Retentions	94 342 459	72 452 267
Due to beneficiaries from Incentive plan	1 077 107	1 077 107
Deposits from others	55 249 308	48 470 222
Creditors – investments properties under development	28 801 717	-
Sundry creditors short term	17 152 826	21 914 901
	1 829 169 680	1 526 466 573

- Uncollected notes receivable for maintenance of undelivered units amounting to EGP 722 million, have been disclosed in Note No. (47).
- The Group’s exposure to currency and liquidity risks related to creditors is disclosed in Note No. (43).

40. Provisions

A. Provision for completion of works

	Balance as at 1/1/2020	Formed during the year	Used during the year	Provisions no longer required during the year	Balance as at 31/12/2020
	EGP	EGP	EGP	EGP	EGP
Provision for completion of works *	176 345 259	209 228 650	(63 828 581)	-	321 745 328
	176 345 259	209 228 650	(63 828 581)	-	321 745 328

- This provision is for estimated costs related to delivered units and expected to be incurred in the following years to complete the execution of the project in its final stage.

B. Claims provisions

	Balance as at 1/1/2020	Formed during the year	Used during the year	Provisions no longer required during the year	Balance as at 31/12/2020
	EGP	EGP	EGP	EGP	EGP
Provision for expected claims	11 568 646	3 107 086	-	-	14 675 732
	11 568 646	3 107 086	-	-	14 675 732

- The provision is formed for existing claims related to 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 would seriously affect the company’s negotiations with those parties.

41. Non - cash transactions

For the purpose of preparing the consolidated statement of cash flows for the financial year ended December 31, 2020, the effect of the following investment transactions was excluded as they are considered non-cash transactions:

	EGP
The value of buildings under construction and other works in progress transferred to investment properties	15 862 673
The value of buildings under construction and other works in progress transferred to Fixed Assets	310 396 957
The value of finished commercial units transferred to investment properties	11 948 649
The non-cash transaction of recognizing net present value adjustments of the land of the 500 acres project in Sheikh Zayed Extension	782 758 275
The non-cash portion of acquiring investments properties in progress that were recognized as due to long-term & short-term creditors	42 556 814
The value of plot of land transferred from fixed assets to works in progress	8 495 157
The value of projects under construction transferred to investment properties under development	71 252 082
The value of buildings under construction and other works in progress transferred to investment properties under development	2 031 974 185

42. Fair values

- Fair values versus carrying values

Financial instruments for the Group are, cash at banks and on hand, treasury bills, customers, notes receivable and investments in equity instruments, suppliers, contractors, notes payable and other credit balances and monetary items included in debtors and creditors accounts. The main purpose of these financial instruments is to provide funding for the activities of the Group. According to the valuation techniques followed in evaluating the assets and liabilities of the Group, the carrying value of these financial instruments represent a reasonable estimate of their fair value.

- 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 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 year. In addition, The Company is not subject to externally imposed capital requirements.

43. Financial risk management

- The Group is exposed to the following risks from its use of financial instruments:
- A. Credit risk
 - B. Liquidity risk
 - C. Market risk
 - D. Currency risk
 - E. Interest rate risk
 - F. Other market price 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, as well as 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, sets appropriate risk limits and controls, and monitors risks and adherence to limits. The Group aims to develop a disciplined and constructive control environment through which all employees understand their roles and obligations.

a. 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 and the demographics of the Group’s customer base, which includes the default risk of the industry which has less influence on credit risk. All of the Group’s revenues is attributable to sales transactions 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 obtains advance payments and cheques that cover 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 only after the 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 on the date of the default 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. The Company’s management does not expect any counterparty to fail to meet their obligations.

Guarantees

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

b. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become 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:

- EGP 5 million as a bank facility for one of the subsidiaries guaranteed by time deposits.
- A medium-term loan in the amount of EGP 1 300 million.
- A medium-term loan in the amount of EGP 500 million.
- A medium-term loan in the amount of EGP 2 570 million for one of the subsidiaries.
- A medium-term loan in the amount of EGP 1 000 million for one of the subsidiaries.

c. 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.

d. 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 USD 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.

e. 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 are periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

f. Other market price risk

Equity price risk arises from available-for-sale equity securities, the management of the Group monitors the mix of equity securities in its investment portfolio based on market indices and the objective valuation of the financial statements related to these shares. Material investments within the portfolio are managed on an individual basis and all buying and selling decisions are approved by the Company's 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 as held for trading because their performance is actively monitored, and they are managed on a fair value basis.

43.1 Credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk as at December 31, 2020 as follows

	Note	31/12/2020	31/12/2019
	No.	EGP	EGP
Receivables & Notes receivable Long term	(20)	794 441 952	615 182 905
Receivables & Notes receivable Short term	(20)	1 218 170 107	1 021 118 791
Debtors and other debit balances	(21)	2 445 720 191	2 558 317 065
Investments at amortized cost	(23)	674 786 982	1 377 693 049
Cash at banks	(24)	1 531 377 722	1 483 470 519
		6 664 496 954	7 055 782 329

43.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

December 31, 2020	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Bank facilities	226 619	226 619	-	-
Short-term loans	433 651 176	433 651 176	-	-
Long-term loans	1 822 342 750	-	664 776 769	1 157 565 981
Contractors and suppliers	439 473 625	439 473 625	-	-
Other creditors	7 870 175 894	2 019 634 790	761 744 023	5 088 797 081
Notes payable – short term	212 705 696	212 705 696	-	-
	10 778 575 760	3 105 691 906	1 426 520 792	6 246 363 062

December 31, 2019	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Short-term loans	592 714 355	592 714 355	-	-
Long-term loans	1 281 130 084	-	642 778 710	638 351 374
Contractors and suppliers	299 787 915	299 787 915	-	-
Other creditors	6 699 290 063	1 417 370 734	877 585 183	4 404 334 146
Notes payable - short term	405 031 474	405 031 474	-	-
Notes payable - long term	67 545 617	-	67 545 617	-
	9 345 499 508	2 714 904 478	1 587 909 510	5 042 685 520

43.3 Currency risk

Exposure to currency risk

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

December 31, 2020				
Description	USD	Euro	GBP	
Cash at banks		19 451 199	65 230	11 829
Notes receivable		596 610	-	-
Debtors and other debit balances		-	-	-
Creditors and other credit balances		(486 000)	-	-
Surplus of foreign currencies	19 561 809	65 230	11 829	

December 31, 2019				
Description	USD	Euro	GBP	
Cash at banks		17 559 166	312 679	-
Notes receivable		596 610	-	-
Debtors and other debit balances		-	12 500	-
Creditors and other credit balances		(486 000)	-	-
Surplus of foreign currencies	17 669 776	325 179	-	

- The following is the average exchange rates during the year:

Average exchange rate during the year		Spot rate at the financial statements date		
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	EGP	EGP	EGP	EGP
USD	15.78	16.53	15.66	15.99
Euro	19.22	17.90	19.22	17.90
GBP	21.38	-	21.38	-

Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of December 31, 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Profit or Loss		
	Strengthening EGP	Weakening EGP
USD	15 552 516	(15 552 516)
Euro	56 179	(56 179)
GBP	12 645	(12 645)
	15 621 340	(15 621 340)

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound as of December 31, 2019 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Profit or Loss		
	Strengthening EGP	Weakening EGP
USD	14 126 986	(14 126 986)
Euro	291 035	(291 035)
GBP	-	-
	14 418 021	(14 418 021)

43.4 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	
	31/12/2020	31/12/2019
Financial instruments with a fixed rate	EGP	EGP
Financial assets	3 364 134 801	4 102 643 030
Financial liabilities	(212 705 696)	(472 577 091)
	3 151 429 105	3 630 065 939
Financial instruments with a variable rate		
Financial liabilities	(2 256 220 545)	(1 873 844 439)
	(2 256 220 545)	(1 873 844 439)

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. 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 statement of profit or loss.

44. 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 these companies. 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 Group’s management and are exclusive of 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	31/12/2020
		Amount of transaction
		EGP
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	(See Note No.10-1).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	904 668

b. Balances resulting from transactions with related parties

Party	Item as shown in the consolidated balance sheet	31/12/2020	31/12/2019
		EGP	EGP
Palmyra – SODIC for Real Estate Development *	Loans to Joint Ventures	200 532 011	199 618 343
	Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued on joint venture – related parties under debtor caption	35 191 620	35 191 620

Impairment in dues from Palmyra – SODIC for Real Estate Development has been recorded as described in Note No. (21 &22).

45. Tax status

Summary of the Group company’s tax status at the consolidated financial statements date is as follows: -

- **Corporate tax**
 - Years 1996 to 2014 have been tax inspected and tax differences have been paid and settled.
 - Years 2015 to 2018 have been inspected and the company did not receive any tax matches until the date of approval of the financial statements.
 - Year 2019 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
 - The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005 regulations and amendments, and pays the due tax.
- **Salary tax**
 - Years 1996 to 2012 have been inspected and tax differences have been paid and settled.
 - Years 2013 to 2019 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
 - The Company pays the monthly salary tax on due dates in accordance with the law.
- **Withholding tax**
 - Tax inspection has been carried out from 1996 till the first quarter of the year 2017, and the Company has not received any tax claims till the date of authorizing of these financial statements for issuance.
 - The Company pays the withholding tax on due dates in accordance with the law.
- **Stamp tax**
 - Tax inspection was carried out from 1996 to 2014, and tax differences have been fully paid.
 - Years 2015 to 2019 under inspection and no tax claims have been received till the date of authorizing of these financial statements for issuance.
 - The Company submits stamp tax returns on a regular basis and pates the accrued taxes on due dates in accordance with the law.
- **Sales/value added tax**
 - Years 1996 to 2019 have been inspected and tax differences have been paid and settled.
 - The Company submits the value-add tax returns on a regular basis and pay the accrued taxes on due dates in accordance with the law.
- **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.

46. Capital commitments

- Capital commitments as of December 31, 2020 amounted EGP 113 537 (December 31, 2019: EGP 3 750).

47. Post-dated checks (off balance sheet)

- The company maintains off balance sheet post-dated checks received from customers in accordance with contracts, those checks are related to undelivered units as follows:

Note No.	31/12/2020 EGP	31/12/2019 EGP
Post-dated checks – customer advances	(37) 13 061 687 999	10 996 811 890
Post-dated checks-maintenance installment	(39) 722 108 038	538 939 294
	13 783 796 037	11 535 751 184
These checks are due		
Checks due within 12 month	(20) 3 194 857 351	2 932 872 248
Checks due after one year – long term	(20) 10 588 938 686	8 602 878 936
	13 783 796 037	11 535 751 184

48. 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 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 this 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 judgment 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, the latest on which to November 24, 2014. On that date, the 6 of October partial court decided to reverse its previous decree of proof procedures dated February 22, 2010 by refusing the case. The other party appealed the decision and a hearing was scheduled for April 08, 2021; during the session the court also decided to appoint an expert, the session for the expert has not been determined yet.

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 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.

49. Incentive and bonus plan of the Parent Company’s employees and managers

On January 20, 2016 the Extraordinary General Assembly has approved the new Employees Stock Option Plan for executive board members and directors through granting shares with special conditions as per stated in the plan that part of the company’s shares should be assigned to the Employee Stock Option Plan equal to 1% of the company’s issued capital annually on five tranches for a period of six years and three months as per annex (1). These shares will be made available by using the special reserve- additional paid in capital, or reserves, or part of it, or retained earnings, or part of it for capital increase. The additional shares are to be issued to the Employee Stock Option Plan based on the approval of the Board of Directors as per the delegation granted by the company’s Extraordinary General Assembly dated January 20, 2016. The granting of the Employee Stock Option Plan shares is to be based on a decision from the supervisory committee by the treasurer.

The Board of Directors has decided on the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase is to be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option plan granted to the executives board members and the directors as per the option plan approved by the Extraordinary General Assembly dated January 20, 2016, which has decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The Commercial Register was modified on February 5, 2017.

The Board of Directors has decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 762 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase is to be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option plan granted to the executives board members and the directors as per the option plan approved by the Extraordinary General Assembly dated January 20, 2016, which has decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the Board of Directors to execute the procedures of the required increase to issue new shares to be utilized in the Employees Stock Option plan, The Commercial Register was modified on January 8, 2019.

The Board of Directors has decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the fourth and fifth sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the Extra Ordinary General Assembly dated January 20, 2016 as mentioned in details in Note (31).

50. Important events during the financial period that do not require adjusting the financial statements

During 2020 the world health organization declared the emerging (COVID-19) outbreak a global pandemic, as a result, across the globe, governments, businesses, and individuals took action to prevent and manage the spread of the virus, and to protect health and livelihoods of themselves and their communities.

Our first and foremost priority during this crisis was the safety and wellbeing of our staff, their families, and our residents, all while ensuring business continuity to deliver to all our stakeholders. We created a cross-functional response team that works around the clock to address these issues. The process has accelerated our plans for digitization both internally and on client interactions as we put the safety and health of our people first, while maintaining full operations. Construction was temporarily suspended then resumed fully after ensuring the appropriate measures were put in place by our contractors on site. Accordingly, we continue to operate at normal levels while enforcing preventative measures and monitoring the situation very closely to proactively respond to new developments.

The initial effect of the outbreak on the business was reflected in the lower number of deliveries during the first half of the year, as lockdowns and mobility restrictions decreased the urgency for customers to come in for handovers, postponing these visits to when the situation improves. As the lockdowns and restrictions were lifted and the situation continued to stabilize, deliveries picked up starting June and we continued to deliver at very solid levels that led our deliveries during the year 2020 to exceed our initial targets. Collection rates were also affected by the outbreak as the value of delinquencies increased during the first half of 2020 compared to our historical average. Starting June, our collection rates began to improve as the situation stabilized and economic activity restarted, with the delinquency rate for full year 2020 coming in very slightly above that of 2019. During the first half of the year our contracted sales were negatively affected by mobility restrictions and economic uncertainty as well as the cancellation of major marketing events and the postponement of a number of launches on our projects due to the (COVID-19) outbreak. We took action to mitigate the effect by successfully launching our online virtual sales platform to reach our clients but despite our efforts, our sales during the first half of 2020 were lower than what we achieved during the same period in 2019. As the situation stabilized and uncertainty subsided, contracted sales increased significantly in July and continued strong performance during the third and fourth quarters of 2020 led our gross contracted sales for the year to surpass gross contracted sales achieved during 2019.

We believe that while the ongoing outbreak presents significant challenges, it also provides an opportunity to standout and distinguish ourselves. The strength and liquidity of our balance sheet strongly support us but more importantly, we believe that it is our credibility and track record of strong performance in turbulent times as well as our customer centric approach to the crisis that make us stand out in these times.

We operate in a sector with very strong local demand fundamentals that has proven its resilience in face of historical and current challenges, and we continue to believe in the long-term drivers of growth in our market. In light of our current knowledge and available information, we do not expect the emerging virus (COVID-19) to have an impact on the company’s ability to continue in the foreseeable future.

51. Comparative figures

Some comparative figures have been reclassified to be consistent with the classification of current financial statements, as some of these reclassifications has a material effect on the information in the statement of financial position at the beginning of the preceding period , the comparative figures for years 2019 and 2018 were re-presented in accordance with the Egyptian Accounting Standard No. (1) “Presentation of financial statements.”

The most prominent reclassifications are:

The company maintains post-dated checks of undelivered units amounted to EGP 11 535 751 184 as of December 31, 2019, these checks were treated as off-balance sheet, thus were not included in the statement of financial position. That enhanced the presentation of Advances & creditors by showing only the amounts collected in cash or at bank as advance payments or as maintenance deposits, and to enhance the receivables presentation by showing what the outstanding uncollected amounts related to delivered units already recognized as revenue. Whereas, post-dated checks for undelivered units represent future instalments according to payment schedule of each customer according to the contracts, accordingly these checks represent contractual collection terms for sales that will be recognized in the future upon satisfying the performance obligation of those contracts with customers.

Reclassifying maintenance deposits collected from customers amounting to EGP 1 067 720 407 as at December 31, 2019, from cash & equivalent to other debit balances as the purpose of these deposits is to finance regular maintenance expenses related to the delivered units and cannot be used for any other purpose.

Reclassifying interest income from installments during the year and discounts for early payment amounting to EGP 169 083 044 & EGP 116 681 352 respectively from other operating income & other operating expenses to revenue from real-estate sales, in consistence with the presentation of revenue in accordance with the Egyptian Accounting

Standard No. 48, by recognizing any financial component related to Revenue less any related discounts.
The following table shows the effect of those classifications on the opening balances of the financial position:

	Before reclassification	Reclassification		After reclassification
	EGP	Debit	Credit	EGP
Notes receivable – long term	9 227 550 853	-	8 612 367 948	615 182 905
Notes receivable – Short term	3 895 838 189	8 486 563	2 883 205 961	1 021 118 791
Debtors and other debit balances	1 964 137 409	1 067 720 407	8 486 563	3 023 371 253
Cash at banks and on hand	2 596 006 141	-	1 107 897 682	1 488 108 459
Advances - from customers	17 743 774 560	10 977 308 428	22 867 282	6 789 333 414
New Urban Communities Authority current	-	-	97 370 724	97 370 724
Creditors and other credit balances	2 205 147 335	678 680 762	-	1 526 466 573
Sales of real estate	5 066 021 640	116 681 352	169 083 043	5 118 423 331
Revenue from clubhouse & golf	16 451 454	-	195 322	16 646 776
Cost of clubhouse & golf	44 348 419	3 369 749	-	47 718 168
Other operating expenses	127 005 109	-	125 006 665	1 998 444
Other operating revenues	245 888 453	170 968 958	-	74 919 495
Expected credit loss	-	6 634 720	-	6 634 720
Selling and marketing expenses	385 159 146	-	53 276	385 105 870
General and administrative expenses	496 823 670	-	3 316 473	493 507 197

52. 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.
- Financial assets and liabilities recognized at fair values through other comprehensive income.

53. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note No. 5).

53.1 Business combination

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are net values of the assets acquired where identifiable
- Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase is recognized as profit or loss immediately.
- Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-exiting relationship. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration meets the definition of financial instrument as classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent considerations are re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

a. Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on

- which control commences until the date on which control ceases.
- Subsidiaries are represented in the following: -

Subsidiary name	Country of incorporation	Ownership	
		As at 31/12/2020 %	As at 31/12/2019 %
Sixth of October for Development and Real Estate Projects Company “SOREAL” - S.A.E	Egypt	99.99	99.99
Beverly Hills for Management of Cities and Resorts Co. - S.A.E (*)	Egypt	46.75	46.75
SODIC Garden City for Development and Investment Co. S.A.E	Egypt	50	50
Al Yosr for Projects and Real Estate Development Co. - S.A.E	Egypt	99.99	99.99
SODIC for Development and Real Estate Investment Co. – S.A.E	Egypt	99.99	99.99
SODIC Polygon for Real Estate Investment Co. - S.A.E	Egypt	100	100
SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
Tegara for Trading Centers Co. S.A.E	Egypt	95.24	95.24
Edara for Services of Cities and Resorts Co. –S.A.E	Egypt	99.97	99.97
Soreal for Real Estate Investment	Egypt	99.99	99.99
SODIC for Securitization	Egypt	99.99	99.99
SODIC Syria L.L.C (**)	Syria	100	100
Tabrouk Development Company (D)	Egypt	100	100
El Diwan for Real Estate Development Company	Egypt	100	100
SODIC for Clubs Company	Egypt	100	100

* The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 48.91 %, which includes 2.16 % 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).

** 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 the Syrian Arab Republic.

b. Non-controlling interests

NCI are measured at their proportionate share of the acquirer’s identifiable net assets at the date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

d. Investments accounted for equity method

Investments that are accounted for using the equity method comprise interests in associates and joint venture, and have no right to its assets and obligations for its liabilities associated with the arrangements. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement. Investments in associates and joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group share of the profit or loss and OCI of equity-accounted investees.

e. Transaction elimination on consolidation

- Intra-group balances and transactions, and any unrealised income and expenses arising from intra - Group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

53.2 Foreign currency

a. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate when the fair value was determined.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Financial assets at fair value through OCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss).
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

b. Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

53.3 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

53.4 Revenue from Contracts with Customers

- The Company applied the EAS No. 48 as of January 1, 2020. Information about the Company's accounting policies relating to contracts with customers is provided in five steps as identified (in Note No.5-B):
- Revenue from contracts with customers is recognized by the company based on five step module as identified in EAS No. 48:

Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.

Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.

Step 3: Determine the transaction price: Transaction price is the compensation amount that the Company expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.

Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the Company will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Company expects to receive in exchange for each performance obligation satisfaction.

Step 5: Revenue recognition when the entity satisfies its performance obligations.

- The Company satisfies the performance obligation and recognizes revenue over time, if one of the following criteria is met:-

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

- For performance obligations, if one of the above conditions is met, revenue is recognized in the period in which the Company satisfies it's performance obligation.

- When the Company satisfies it's performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from the customer exceeds the amount of the revenue recognized, resulting in advance payments from the customer (contractual obligation)

- Revenue is recognized to the extent that is potential for the flow of economic benefits to the Company, revenue and costs can be measured reliably, where appropriate.

- The application of Egyptian Accounting Standard No. 48 requires management to use the following judgments:

- **Satisfaction of performance obligation**

- The Company should assess all contracts with customers to determine whether performance obligations are satisfied over a period of time or at a point in time in order to determine the appropriate method for revenue recognition. The Company estimated that, and based on the agreement with customers, the Company does not arise asset has alternative use to the Company and usually does not have an enforceable right to pay it for completed performance to the date.
- In these circumstances, the Company recognizes revenue over a period of time, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

- **Determine the transaction price**

- The Company has to determine the price of the transaction in its agreement with customers, using this judgments, the Company estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash contract.

- **Control transfer in contracts with customers**

- If the Company determines the performance obligations satisfaction at a point of time, revenue is recognized when control of related contract assets are transferred to the customer.
- In addition, the application of Egyptian Accounting Standard No. 48 has resulted in:

- **Allocation of the transaction price of performance obligation in contracts with customers**

- The Company elected to apply the input method to allocate the transaction price to performance obligations accordingly that revenue is recognized over a period of time, the Company considers the use of the input method, which requires recognition of revenue based on the Company's efforts to satisfy performance obligations, provides the best reference to the realized revenue. When applying the input method, the Company estimates efforts or inputs to satisfy a performance obligation, In addition to the cost of satisfying a contractual obligation with customers, these estimates include the time spent on service contracts.

- **Other matters to be considered**

- Variable consideration if the consideration pledged in a contract includes a variable amount, then the Company shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Company estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. this method is applied consistently throughout the contract and for identical types of contracts.

- **The significant funding component**

- The Company shall adjust the amount for the contract pledged for the time value of the cash if the contract has a significant funding component.

- **Revenue recognition**

- a. **Real estate and land sales**

- Revenue from sale of residential units, offices, commercial shops, service, and villas and for which contracts were concluded is recorded when upon transferring control to customers whether the said units have been completed or semi – completed (finished or semi-finished) at a value that reflects the expected value of the company in exchange for those units. To reflect those units / lands at a certain point of time.
- Revenues from sale of units/lands is recognized net after deducting the value of sales returns and deducting discounts granted to customers for early payment of future installments of the units over which control has transferred to customers.
- Revenues from sale of units/lands also includes the value of interest on installments collected during the financial year / period from previous years' sales.

- The significant funding component**

- The company collects advance payments and installments from customers, before the transfer of control over contracted units to customers as agreed in the contract, accordingly there is a significant financing component in these contracts, taking into account the length of time between the customer's payments and the transfer of control to him, and the interest rate prevailing in the market.
- The transaction price for those contracts is discounted using the interest rate implicit in the contract, and the company uses the rate that would have been used in the event of a separate financing contract between the company and the customer at the beginning of the contract, which is usually equal to the interest rate prevailing in the state at the time of the contract.
- The company uses the exception of the practical application for short-term payments received from customers. This means the amounts collected from customers will not be modified to reflect the impact of the significant financing component if the period between the transfer of control over the units, service or payment is a year or less.

- b. **Services revenue**

Service revenue is recognized when the service is rendered to customers. No revenue is recognized if there is uncertainty for the consideration or its associated costs.

- c. **Rental income**

Rental income is recognized on a straight-line basis over the lease term.

- 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 statement of profit or loss according to the accrual basis of accounting.

- f. **Dividends**

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

- g. **Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations orders in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses is recognized according to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. For construction contracts under process a provision for expected losses, if any, is immediately formed whenever such losses are determined.

Construction contract costs include all direct costs such as material cost, supplies, equipment depreciation and labor cost also includes indirect costs incurred by company such as indirect labor and maintenance. Also the cost includes general and administrative expense directly attributable to such work.

The difference between the estimated revenue calculated based on the percentage of completion and the amount collected from the actual billing to the customer is recognized as "due from customers" within the current assets caption. In case that the actual collections from customers is exceeding the estimated revenues calculated based on percentage of completion the difference is recognized as a due to customers within the current liabilities.

- h. **Sale of goods revenue**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. For export sales, transfer of risks and rewards of the goods sold occurs according to the shipping terms.

- i. **Gain on sale of investments**

Gain on sale of financial investments are recognized when ownership transfers to the buyer, based on the difference between the sale price and its carrying amount at the date of the sale.

Revenue is measured at the fair value of the consideration received or receivable to the company, and revenue is realized when there is sufficient expectation that there are future economic benefits that will flow to the company, and that the value of this revenue can be measured accurately , hence no revenue is recognized in the event of uncertainty about the recovery of this revenue Or the costs associated with it.

53.5 Employee benefit

- a. **Short – term employee benefits**

Short - term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- b. **Share – based payment arrangements**

The grant (date fair value of equity) settled share - based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non - market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non - market performance conditions at the vesting date. For share - based payment awards with non - vesting conditions, the grant - date fair value of the share - based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual

outcomes.
The fair value of the amount payable to employees in respect of SAR's, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the year during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR's. Any changes in the liability are recognized in profit or loss.

c. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The Group pays contributions to the Public Authority for Social Insurance for their employees based on the rules of the social insurance law no 79 for the year 1975. The employees and employers contribute under this law with a fixed percentage of wages. The Group's commitment is limited to the value of their contribution. And the Group's contribution amount expensed in profits and losses according to 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 limited to the monthly instalments. Contributions are charged to statement of profit or loss using the accrual basis. The program has been suspended starting from April 1, 2020, according to the company's management decision.

53.6 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income
- interest expense
- The foreign currency gain or loss on financial assets and financial liabilities
- The fair value loss on contingent consideration classified as a financial liability
- The net gain or loss on financial assets at fair value through profit or loss

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

53.7 Income Tax

Current tax and deferred tax are recognized as income or expense in the profit or loss for the year, except in cases in which the tax results from a process or an event that is recognized - at the same time or in a different year - outside the profit or loss, whether in other comprehensive income or in equity directly or business combination.

a. Current income tax

The current tax for the current year and prior years and that have not been paid are recognized as a liability, but if the taxes that have already been paid in the current year or prior years are excess of the value payable for these years , this increase is recognized as an asset. The taxable current liabilities (assets) for the current year and prior years are measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to be issued by the end of the financial year. Dividends are subject to tax as part of the current tax. Tax assets and liabilities are set-off only when certain conditions are met.

b. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognized for:

- The initial recognition of goodwill.
- The initial recognition of assets or liabilities in a transaction that:
 - c. Is not a business combination.
 - d. Does not affect neither accounting nor taxable profit (or loss).
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences

to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the company's future business plans. Deferred tax assets are reassessed at each reporting date, and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences.
The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are set-off only if certain conditions are met.

53.8 Units ready for sale

Units ready for sale are stated at cost or net realizable value, whichever is lower. 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.

53.9 Work in process

- a. 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.
- b. For variable land acquisition consideration, the company recognizes what was actually paid as part of the cost of work in progress, the cost is subsequently settled whether by increase or decrease according to actual payments and returns.

53.10 Property, plant and equipment

a. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

b. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

c. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the (straight-line method) over their estimated useful lives for each item, and is generally recognized in profit or loss.
Land is not depreciated. Estimated depreciation rates for each type of assets for current and comparative years are as follow:

Asset	Years
Buildings and construction works	5-20
Caravans	5-10
Vehicles and transportation	5
Furniture and fixtures	4-10
Beach Furniture and fixtures	3-5
Office and communications equipment	5
Computer software	3
Solar power stations	25
Generators, machinery and equipment	2-5
Kitchen utensils	10
Wells, pumps and networks	4
Leasehold improvements	5 years or lease term whichever is lower
Solar stations	25
Golf course assets	
Constructions	20
Irrigation networks	15
Equipment and tools	15

53.11 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 prop-erty, plant and equipment caption when they are completed and ready for their intended use.

53.12 Investments properties under development

Investments properties under development are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Investments properties under develop-ment are transferred to Investments properties caption when they are completed and ready for their intended use.

53.13 Intangible assets and goodwill

a. Recognition and measurement

I. Goodwill:

- Arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

II. Research and development:

- Expenditure on research activities is recognized in profit or loss as incurred
- Development expenditure is recognized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumu-lated amortization and accumulated impairment losses.

III. Other intangible assets:

- Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

b. Subsequent expenditure

- Subsequent expenditure is capitalized only when the intangible asset will increase the future economic benefits embodied in project, research, and development under construction which is recognized as intangible assets. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

c. Amortization

- Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the (straight - line method) over their estimated useful lives, and is generally recognized in profit or loss.
- Goodwill is not amortized.

53.14 Investment properties

This item includes properties held for rent or increase in its value or both of them. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Depreciation is charged to statement of profit or loss 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	20
Roads	20
Elevators	10
Agriculture and landscape	10
Air-conditions	5
Sound systems and cameras	2

- Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

53.15 Financial instruments

1. Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transac-tion price.

2. Classification and subsequent measurement

Financial assets- The applied policy from January 1, 2020

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

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

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

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

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

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The accounting policies related to the application are similar to the accounting policies applied by the Company, with the exception of the following accounting policy, which came into effect starting from January 1, 2020.

Financial assets- Business Model Assessment: Policy applied from January 1, 2020

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

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

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company’s continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applied from 1 January 2020

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

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

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Policy applied before January 1, 2020

The Company classifies financial assets into one of the following classifications:

- Loans and debts
- Investments held to maturity
- Investments available for sale
- At fair value through profit or loss

Financial assets – Subsequent measurement and gains and losses: Policy applied before January 1, 2020	
Financial assets at FVTPL	Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.
Financial assets held to maturity	The amortized cost is measured using the effective interest method.
Financial assets available for sale	Financial assets are measured at fair value. Changes in fair value other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the accumulated gain or loss recognized in OCI is reclassified to Separate statement of income.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

3. De-recognition

Financial assets

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

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

53.16 Share capital

1. Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS No. (24) “Income Tax”.

2. Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

53.17 Impairment

1. Non-derivative financial assets

Policy applied from January 1, 2020
Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as releasing security (if any is held); or
- The financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;

- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is two years past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

Policy applied before January 1, 2020
Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a company of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets at amortized cost	The Company assessed evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by companying together assets with similar risk characteristics. In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.
Equity- accounted investees	Impairment losses in equity-accounted investees are measured by comparing their carrying amount with the recoverable amount, and the impairment losses are recognized in profit or loss and the impairment loss is reversed when preferential changes occur in the estimates used to determine the recoverable amount.
Financial assets available for sale	Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale in profit or loss are not reversed.

2. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, work in progress, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are companied together into the smallest company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or companies of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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 in the previous years.

53.18 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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.

53.19 Lease contracts

1. Determining whether the arrangement contains a lease contract or not

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

Initially or when evaluating any arrangement that contains a contract lease, the Company separates the payments and the other consideration which are required by the arrangement of the lease and those of other elements based on their relative fair values. If the Company concludes with a finance lease that it is not possible to separate the payments in a reliable manner, then the asset and the liability are recognized at an amount equal to the fair value of the underlying asset; Then the liability is reduced when the payments is fulfilled and the finance cost calculated on the obligation is recognized using the Company's additional borrowing rate.

2. Leased assets

Lease contracts for property, plant and equipment that are transferred in a large degree to the Company, all of the risks and rewards associated with the property are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the fair value and the present value of the minimum lease payments, whichever is less. After initial recognition, the assets are accounted for according to the accounting policy applied to that asset. Assets held under other contracts leases are classified as operating contracts leases and are not recognized in the Company's statement of financial position.

3. Lease payments

Operating leases' payments are recognized in profit or loss on a straight-line basis over the term of the lease.

Received lease incentives are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments of finance leases are divided between financing expenses and the reduction of unpaid liabilities. Finance charges are charged for each period during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation.

53.20 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. Also Bank overdrafts that are repayable on demand are considered a complementary part of the Group's cash management.

53.21 Borrowing costs

Borrowing costs are recognized as an expense when incurred using the effective interest rate.

53.22 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 statement of profit or loss over the year of the borrowing using the effective interest rate.

53.23 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.

53.24 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.

53.25 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 year.

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