



# A NEW CHAPTER OF GROWTH

A N N U A L   R E P O R T   2 0 2 1

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# 01

# OVER- VIEW

SODIC is a leading real estate developer in Egypt, with a distinguished track record of over 25 years of diversified operations in West Cairo, East Cairo, and the North Coast. Driven by a customer-focused approach, SODIC develops sustainable Class-A, large-scale, mixed-use communities that deliver value to all its stakeholders.





# ABOUT SODIC

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SODIC's award-winning developments cater to the country's ever-growing need for quality residential, commercial, and retail property. SODIC is driven by a progressive vision that places innovation at the heart of everything it does.

Over the decades, the business has expanded to encompass various activities and services related to real estate development, including selling, purchasing, leasing, and managing commercial and residential properties, as well as managing sports and entertainment facilities.

With a deep-rooted belief that there is infinite untapped potential in the outskirts of Cairo, away from the ever-congested heart of the city, SODIC develops ground-breaking communities to provide residents with a radically improved quality of life.

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



# DELIVERING VALUE

**4.85** MILLION SQM  
OF UNLAUNCHED LAND  
**ACROSS KEY MARKETS**







# 91% DELIVERY ON TIME

## SOLID PROJECTED INCOME

SODIC's well-diversified land bank, prime asset portfolio, and strong balance sheet enable it to deliver unique communities that generate long-term value for all stakeholders and mitigate concentration risks. With a sales backlog of over EGP 21 billion, EGP 19.5 billion in receivables, and ample land bank of 4.85 million sqm of unlaunched land in key markets of the North Coast and East and West Cairo, the company maintains strong visibility of its revenues and future performance and is perfectly positioned to meet the growing demand for quality housing, commercial, and retail space across several geographies.

## ON-TIME DELIVERY

As part and parcel of its value-driven strategy, SODIC has cemented a solid reputation in the market for prompt project delivery. Throughout the years in operation, its solid governance framework and disciplined project management approach have allowed it to deliver projects ahead of schedule 91% of the time.

## A NEW MILESTONE

The company's diversified geographical focus, strong brand name, unrivaled reputation for on-time delivery of prime communities, and active investor relations activities helped SODIC gain strong visibility among strategic and institutional investors. In 2021, these unique value propositions encouraged an Abu Dhabi investor consortium that is 70% controlled by Aldar Properties (Aldar), one of the United Arab Emirates' (UAE) largest real estate development and asset management companies, and 30% by ADQ, one of the region's largest holding companies, to acquire a majority stake (85.52%) in SODIC.



# WHERE WE OPERATE

## The North Coast

*caesar*

*june.*

## West Cairo

**SODIC  
WEST**

**OCTOBER  
PLAZA**

**THE ESTATES  
NEW ZAYED**

**V Y E**

*Karmell*  
New Zayed

## East Cairo

**SODIC  
EAST**  
NEW HELIOPOLIS

**VILLETTE  
NEW CAIRO**

**EASTOWN  
NEW CAIRO**

**KATTAMEYA  
PLAZA**





# SODIC

## IN NUMBERS

**26**

YEARS OF OPERATIONS

**16 mn SQM**

TOTAL LAND BANK

**+10**

PROJECTS ACROSS  
3 GEOGRAPHIES

**+16K**

UNITS SOLD ACROSS  
OUR PROJECTS

**+12K**

UNITS DELIVERED  
ACROSS OUR PROJECTS

**+30K**

RESIDENTS TODAY

**Highest**

NPS RATING IN  
THE MARKET

**660**

EMPLOYEES, WITH  
INPS OF 50.4

SODIC  
HQ **95%**

POWERED BY  
SOLAR ENERGY

**+78K**  
BENEFICIARIES

FROM EDUCATION  
INITIATIVES IN THE  
PAST THREE YEARS



# 02

# THE ACQUISITION



Strong brand equity, a solid reputation, outstanding financial performance, and a diversified land bank with robust future sales, were all key drivers of SODIC attracting a strong strategic partner.





**THIS YEAR, SODIC CELEBRATES A NEW MILESTONE AND THE BEGINNING OF A NEW CHAPTER IN ITS SUCCESS STORY.**

## THE ACQUISITION

SODIC has grown steadily over the past decade on the back of a prudent approach to managing the business. The company boasts a solid reputation for high-quality and timely deliveries, customer loyalty reflected in repeat business, in addition to a healthy asset class mix and prime land bank locations.

In 2020, the company entered into discussions with Aldar Properties PJSC, a leading real estate development, management, and investment company in the UAE, to explore areas of potential cooperation that leverage the companies' track record, expertise, and brand equity.

Partnership discussions evolved into acquisition negotiations, as the Abu Dhabi-based company saw a strategic entry point into the growing Egyptian real estate market via a controlling stake in SODIC, capitalizing on its legacy of success.

## USD 453 MILLION VALUATION

In 2021, SODIC received a non-binding offer from an investor consortium that is 70% controlled by Aldar and 30% by ADQ for a cash acquisition of a stake of no less than 51% of its issued share capital. Following a lengthy, thorough, and successful due diligence, the Abu Dhabi investor consortium acquired approximately 85.52% of SODIC's shares in an EGP 6.1 billion (USD 388 million) transaction in December of the same year, implying a valuation of over EGP 7.1 billion (USD 453 million) for SODIC.

## LARGEST FDI IN EGYPT'S REAL ESTATE SECTOR

The acquisition marks the largest foreign direct investment (FDI) in the Egyptian real estate market to date. It is part of Aldar's overall expansion strategy and is the developer's first cross-border acquisition, signaling foreign appetite for the real estate sector and confidence in the economy and stock market in Egypt.

## A STRONG STRATEGIC PARTNER

With a strategic partner like Aldar, SODIC is well-positioned to achieve ambitious growth within record time. The transaction will lead to immediate and substantial access to finance that will drive a focused strategy and business plan, as well as transfer world-class knowledge and standards in development and customer experience.



# 03

## MANAGING DIRECTOR'S LETTER

The past few years have shown the value of living in a SODIC development. The advantage of living in a well-planned community with access to a full range of amenities and outdoor living has set SODIC apart, and this was confirmed in 2021 when we were selected through our annual Net Performer Score (NPS) benchmarking survey as the number one developer in the market.

**MAGUED SHERIF**

Managing Director

*Magued Sherif*







# RANKED

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# #1

# DEVELOPER

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## WINNERS DESPITE CHALLENGES

Since inception, SODIC has always been committed to delivering on time and on quality, and, more importantly, on its vision to create communities that redefine the real estate market.

2021 was a year of continued growth and remarkable resilience, as we were able, as a team, to break new grounds and overcome external barriers. We had a major sales contributor suspended and underwent a lengthy, thorough, and rigorous due diligence for the better part of the year. However, because we are agile, and experienced, we still set new records financially and gained new investors. Meanwhile, we completed our SODIC 2.0 operating model, which is our new blueprint to deliver on our new strategy of growth.

## ALDAR: PROOF OF EXCELLENCE

The Aldar-ADQ acquisition is evidence of our unique position as a company. Our legacy is exemplified in our successful brand positioning and prudent corporate governance within the Egyptian real estate market.

With the backing of our new shareholders, we will expedite land acquisitions and project development in existing markets and new ones, to become a leading real estate developer by market share within the medium term.

## CULTURE OF WINNERS

None of 2021's achievements would have been possible without the right team, culture, and values. We are winners, and everyone embodies the company's spirit and connects with its core purpose. We are united by one vision that trickles down to almost every layer in the company until it is part of our DNA. I must say I am particularly biased to SODIC as I have never seen a similar team. Everyone loves what they do and is increasingly competing against our goals to overachieve. In 2021, we exceeded our targets by booking EGP 11.4 billion in gross contracted sales against a guidance of EGP 8.8 billion.





## OUR DNA: WHAT MAKES THE MAGIC HAPPEN

We are human-centric to the core, which means that we consider people in every step we take. We tailor our offering around the lifestyle, needs, and feedback of our customers; we commit to our targets to deliver on our promises to shareholders; and we believe in the capabilities of our people, giving them ownership and involving them in each step we take, especially now as we embark on our new chapter of growth.

We are diversified across geographies, asset classes, and asset mixes, and what makes our portfolio deliver on our exceptional sales targets, aside from quality and unique design, is its maturity, amenities, and attention to after-sales services where we utilize our subsidiary Edara, a significant differentiator, to serve our residents long after their purchase is completed.

We listen to our customers and respond by incorporating changes into our development strategy based on market needs. This is why we are growing in East Cairo, increasing our multi-family developments, and bringing more education assets to their communities.

## OUTLOOK INTO 2022

One of the primary reasons SODIC was an attractive acquisition target is the perception in the market that it is a transparent, institutionalized, and well-governed company, resulting in amassing several awards in investor relations that solidified our reputation as the best in the sector in Egypt.

Over the coming medium term, we see market fundamentals as strong with demand to continue to grow, despite inflationary challenges, especially as people choose to invest in real estate to protect the value of their savings.

Finally, we look forward to our new chapter of growth with Aldar-ADQ. We share the same values and culture and are united around our strategies. It is a successful partnership through which we see the value of bringing their world-class knowledge to our market leading institution, and we look forward to taking SODIC together to the next level.



04

# CFO'S LETTER

An upward trajectory for three consecutive years, despite external challenges and internal changes.





# 2021 ACHIEVEMENTS

EGP **11.4** BN

GROSS CONTRACTED  
SALES

**54%**

GROWTH IN GROSS  
CONTRACTED SALES

EGP **4.9** BN

CASH COLLECTIONS

**1,163**

UNITS DELIVERED

EGP **6.93** BN

REVENUES

**24%**

GROWTH IN REVENUES

**31%**

GROWTH IN  
GROSS PROFIT

**34%**

GROSS PROFIT MARGIN

**18%**

ACQUISITION VALUE PREMIUM  
TO 3 MONTHS VWAP





## UNPRECEDENTED SALES GROWTH

2021 was an exceptional year on many fronts. We exceeded our sales targets despite our best seller for 2019 and 2020, the 500-Acres project, being put on hold. Our development team revisited sales plans,

launched our North Coast project that leveraged pent-up demand, and managed to generate extraordinary YoY growth of 54% in contracted sales.

## HIGHER VALUE DELIVERIES

We managed to emulate last year's performance with the same number of units delivered, 1,163, but also delivered units of higher value, which helped boost revenues. Revenues for the year were supported by a

number of our projects reaching the delivery stage, such as EDNC, Sky Condos, Polygon X, and Six West, reflecting the benefits of our diversified and large project portfolio.

## LOW DELINQUENCIES

Additionally, our distinguished client base and the trust they have in our brand helped us achieve the lowest rate of delinquencies and cancellations—adjusted for the 500-Acres project—in three years. Our

strategy to diversify our revenue streams is on track with a mixed portfolio across geographies, projects, and products within our developments.

## EGP 860 MILLION NET PROFITS

Finally, we're closing in on the EGP 1 billion mark for net profits with a recorded EGP 860 million, which, adjusted for one-off costs related to the suspended

project and the acquisition advisory fees, would have reached EGP 1.1 billion, or a 15.9% net margin.



## A NEW SHAREHOLDING STRUCTURE

The Aldar-ADQ transaction was a significant accomplishment. After a lengthy due diligence process, covering technical, financial, legal, and commercial aspects, the consortium returned with a revised price per share, going upward from EGP19 to EGP20, which is an 18% premium compared to the volume-weighted average share price of 16.88 it was trading at during the three months prior.

The consortium's financial strength and know-how will support SODIC to achieve its growth plans. Having a shareholder that is also an industry player will provide more focus, especially as it holds a bullish view of the market. We are looking forward to making colossal strides toward becoming the front-runners of the Egyptian real estate market.

## DIVERSIFIED FUNDING SOURCES

SODIC is a cash generating company with a 15.7% YoY increase in cash collections, collecting around EGP 5 billion in 2021. On 31 December 2021, cash and cash equivalents reached EGP1.9 billion, and to stay ahead of the curve, we broke new ground in diversifying our funding resources.

In a sector with a lengthy cash cycle and projects taking multiple years from start to finish, and with almost 3500 vendors on our system and over EGP 2.5 billion in payments made to suppliers annually, availing

financing and managing projects' risks are top priorities for our team. Therefore, as part of our continuous efforts to diversify our funding sources, we concluded our first securitization transaction. Timing was key as SODIC took advantage of 2021's low interest rate environment, securing leverage at a significantly lower cost. As of 31 December 2021, bank debt-to-equity ratio stood at 0.38x, and the plan is to continue leveraging up to meet our growth plans.

## LOOKING INTO 2022

As we look forward into 2022, we enter the new year with aggressive growth plans in developments; sales; land acquisitions; deliveries and; revenue. We expect to meet high sales targets in all our markets.

We are well-positioned to mitigate inflationary effects, leveraging a wide offer of varied products with geographical diversification. We will double down on

efficiencies to drive margins and enhance operations, like supplier frameworks and long-term contracts, and we will identify and expand synergetic activities, growing smartly into the next chapter of SODIC.





# 05

## OPERATIONAL AND FINANCIAL REVIEW

SODIC delivered exceptional operational and financial results in 2021, driven by robust sales growth that set a new record for annual gross contracted sales on the back of the launch of a new project in the North Coast and a healthy delivery mix of higher value units across all projects.



# CONTRACTED SALES

## DIVERSIFIED ACROSS ALL MARKETS

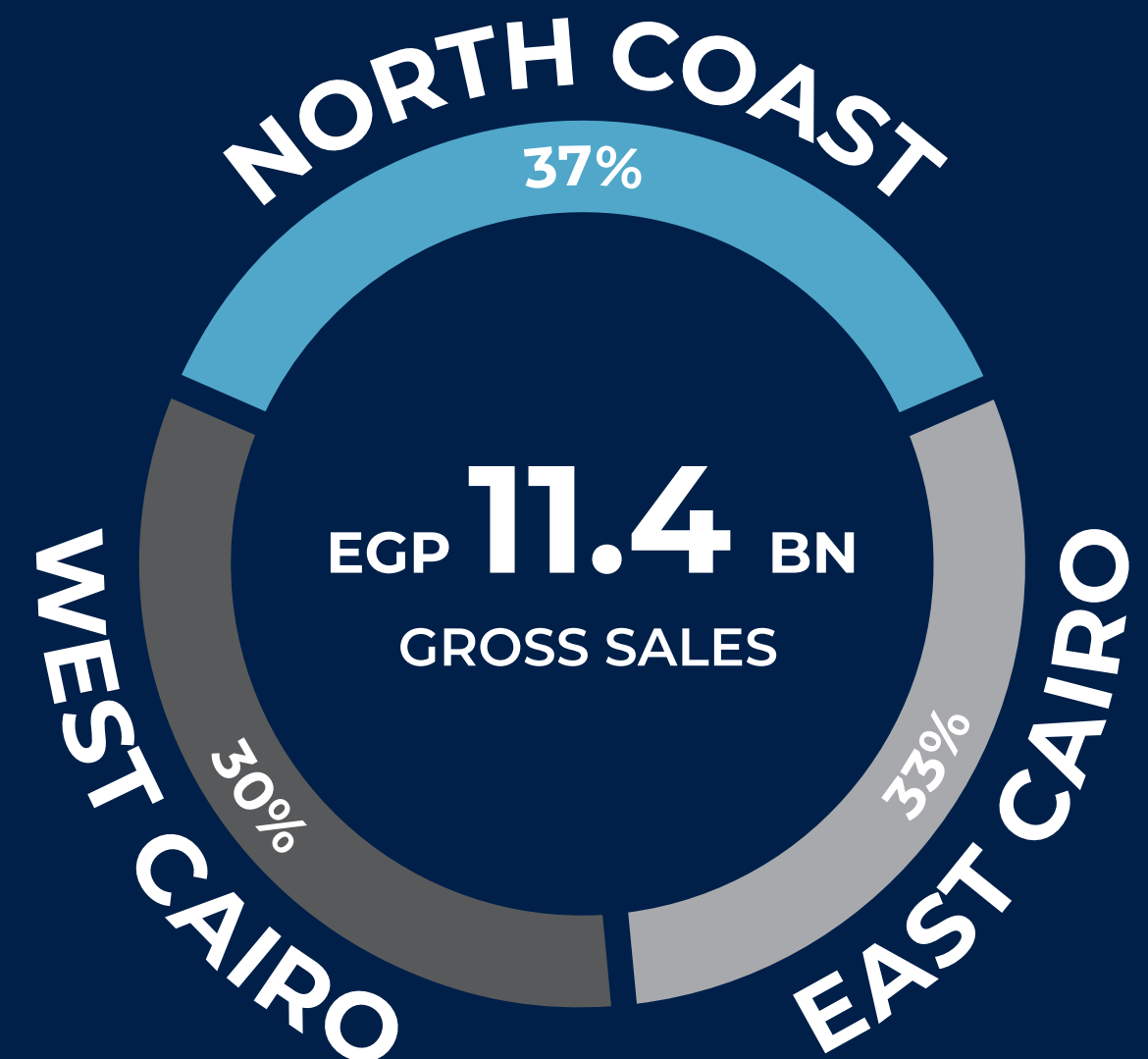
SODIC achieved exceptional sales growth in 2021, coming in at a record high of EGP11.36 billion, achieving a 54% YoY leap versus a 19% increase in 2020. This rise was generated by the sale of 1,745 units across all projects, setting a new record for annual gross contracted sales in terms of both number and value of units sold. West Cairo projects accounted for 30% of gross contracted sales during the year, supported by

the continued strong demand for SODIC's signature project, The Estates. East Cairo projects accounted for a further 33% of gross contracted sales during 2021, driven by the strong performance of SODIC East, which contributed 17% to gross contracted sales for the year. Finally, the North Coast made up 37% of gross contracted sales during 2021.

## CANCELLATIONS

Cancellations of EGP1.97 billion were recorded during 2021, representing 17% of the year's gross contracted sales. This compares to a cancellation rate of 14% recorded during 2020. The increase comes as a result of cancellations on the 500-Acres project due to its

temporary suspension, with the project accounting for 56%, or EGP 1.12 billion, of cancellations during the year. Excluding those cancellations, the figure stands at 7% of gross contracted sales, in line with the historical average prior to the pandemic.



**1,745**  
UNITS SOLD





# LAUNCH OF JUNE

## NORTH COAST DRIVES GROWTH

SODIC's North Coast project, June, generated the most sales during the year, recording some EGP 4.14 billion in gross contracted sales. The project was launched in September and was met with very strong demand.



# DELIVERIES AND CASH COLLECTIONS

## DELIVERIES

SODIC delivered 1,163 units during 2021, led by East Cairo with 800 units, while 345 were delivered in West Cairo projects and 18 of the delivered units were delivered in the North Coast. SODIC also delivered 1,163 units in 2020.

Throughout the year, the company started delivery on several projects, notably residential project Six West, commercial project Polygon X in the flagship destination SODIC West, Sky Condos, the first multifamily offering in East Cairo project Villette, and EDNC, the commercial component of East Cairo project Easttown and the company's flagship commercial project in East Cairo.

## CASH COLLECTIONS

Net cash collections increased 15.7%YoY to reach EGP 4.95 billion for the year versus EGP 4.28 billion in 2020.

## DELINQUENCIES

Delinquencies were at 6% for the year, down from 8% in 2020, coming in line with 2019 figures as the economic situation stabilized after being impacted by the onset of the pandemic.

### 800 UNITS

IN EAST CAIRO

- ▶ Easttown Residences: 305 units
- ▶ Villette: 91 units
- ▶ EDNC: 138 units
- ▶ Sky Condos: 266 units

### 18 UNITS

IN NORTH COAST

- ▶ Caesar: 18 units

### 345 UNITS

IN WEST CAIRO

#### RESIDENTIAL: 254 UNITS

- ▶ October Plaza: 165 units
- ▶ One 16: 43 units
- ▶ Six West: 19 units
- ▶ The Courtyards: 18 units
- ▶ Others: 9 units

#### COMMERCIAL: 91 UNITS

- ▶ SODIC Medical District: 22 units
- ▶ The Portal: 40 units
- ▶ Polygon X : 15 units
- ▶ Others: 14 units



# INCOME STATEMENT

“  
Excluding one-off events,  
normalized net profit after tax  
and minority interest would come  
in at EGP 1.1 billion, a 33% YoY  
growth, or 16% of revenues  
”

## REVENUES

Revenues of EGP 6.92 billion were recorded during 2021, a 24% growth from EGP 5.73 billion in 2020. Revenues during the year were mainly driven by deliveries in East Cairo projects, which contributed 75% of the year's delivered value, led by Villette, EDNC, and Eastown Residences, which generated 35%, 21%, and 19% of the delivered value, respectively. Furthermore, West Cairo projects contributed 24% and North Coast projects represented 1% of the delivered value during 2021.

## GROSS PROFIT

Gross profit increased 31% YoY to reach EGP 2.34 billion in 2021, increasing from EGP 1.78 billion in 2020. Such an increase recorded a continuous improvement in gross profit margin, which reached 34%, compared to 32% in 2020 and 28% in 2019, on the back of higher margin units and continued margin improvement across many projects approaching more advanced phases. The increase in gross profits comes despite one-off losses for the recognition of clubhouses in the amount of EGP 131 million.

## OPERATING PROFIT

Operating profit grew 14% YoY to EGP 1.16 billion for the year, reflecting a margin of 17%, compared to EGP 1.02 billion or 18% of revenues in 2020. The slight decrease in operating profit margin is attributable to the one-off recognition of sunk costs on Malaaz in the amount of EGP 17 million before relaunching the project as June, as well as sunk costs related to the 500-Acres project in the amount of EGP 68 million, due to the adjustment of the land plot location, in addition to one-off professional advisory fees of EGP 95 million. Excluding these one-off events, normalized operating profit for 2021 would be EGP 1.47 billion, an increase of 45% on a YoY basis, and would reflect an operating profit margin of 21%.

## NET PROFIT

Net profit after tax and non-controlling interests came in at EGP 860 million, growing 5% YoY and delivering a net profit margin of 12%, which compares to EGP 820 million and a margin of 15% during 2020, with the decline in net profit margin driven by sunk costs and one-off fees. Excluding one-off events, normalized net profit after tax and minority interest would come in at EGP 1.1 billion, a 33% YoY growth, and would imply a normalized net profit margin of 16%.



# BALANCE SHEET

## CASH BALANCE

SODIC continues to enjoy a strong liquidity position, with total cash and cash equivalents reaching EGP 1.9 billion by year-end 2021. This amount excludes some EGP 1.5 billion related to customer maintenance deposits, following the reclassification of some of the accounts on the balance sheet implemented as of year-end 2020.

## RECEIVABLES

Total receivables stood at EGP 19.5 billion, of which EGP 5 billion are short-term receivables providing strong cash flow visibility for the company. The new presentation of receivables reports a total of EGP 2.5 billion of on-balance sheet receivables, reflecting only those relating to delivered units already recognized as revenue. Additionally some EGP 17 billion of receivables related to undelivered units are disclosed in the footnotes.

## CLIENT DEPOSITS

Our total backlog of unrecognized revenues stood at EGP 22.76 billion as of 31 December 2021, providing strong revenue visibility for the company. Following the reclassification implemented as of year-end 2020, the backlog can be calculated as the sum of the advances from customer accounts and the off-balance sheet post-dated cheques related to undelivered units.

## LEVERAGE

Despite the company leveraging up to fuel its expansion plans and enhance shareholder returns, debt levels remain low, with bank debt-to-equity ratio standing at 0.38x. Total outstanding long-term financing amounted to EGP 2.55 billion as of 31 December 2021. This compared to a debt-to-equity ratio of 0.37x at year-end 2020, with EGP 2.3 billion outstanding.

“  
Total backlog of unrecognized revenue stood at EGP 22.76 billion as of 31 December 2021, providing strong revenue visibility for the company  
”





# THE SECURITIZATION

## DIVERSIFYING OUR FUNDING SOURCES

In its efforts to diversify funding resources and benefit from low interest rates, SODIC successfully concluded its first securitization transaction in July 2021, by issuing a EGP 343 million securitization bond backed by a receivables portfolio of some EGP 384 million. The receivables represent future installments for 753 delivered units in SODIC's East Cairo project, Eastown Residences, and North Coast project, Caesar.

The bond comprised two tranches with tenors of 13 and 36 months and were assigned investment-grade credit ratings of AA+ and A, respectively, from Middle East Ratings and Investor Services (MERIS).






# 06

# A NEW CHAPTER OF GROWTH

With a new chapter of growth ahead of SODIC, the company's values are evolving as it embarks on new expansion targets





# SODIC'S JOURNEY HAS BEEN AN INCREDIBLE ONE SINCE THE BEGINNING.

While the first 10 years focused on establishing a base in West Cairo, the second decade saw the transformation of the company into one with diversified projects, putting SODIC on a roadmap of becoming a leading developer on the outskirts of Greater Cairo and the North Coast.

During our third decade, SODIC became one of the fastest growing real estate companies in Egypt. This is witnessed across a number of KPIs, with some of the best operational and financial results achieved in the last three years, on the back of an ambitious team, a strong development strategy, and a customer-centric approach that puts people first.

As we close 2021 ranking number one in the Net Performer Score (NPS) with the strongest sales performance in the company's history, we look ahead at 2022 with an ambitious target, leveraging deep structural and operational changes that were purposefully designed to achieve SODIC's goals.



# THE STRATEGY

## OUR VALUES

SODIC identifies itself as authentic, aspirational, and progressive in the way it conducts business. Management is not afraid of new undertakings or being the first to venture into new spaces. The company delivers on its promises despite challenges by leveraging core values, which are integrity, synergy, commitment, ownership, and agility.

However, in order to become leaders by market share, the aspirational values chosen for this new strategy are being winners, creative, customer-obsessed, and sustainable.

## NEW STRATEGY

SODIC's five-year strategy encompasses ambitious efforts that will ultimately result in the company becoming the number one, go-to developer in the Egyptian real estate space. It focuses on the integration of three main pillars: diversity, experience, and value creation.

The company's mission remains to build and deliver sustainable developments that redefine the real estate market. In order to continue making headway in the

market, SODIC will continue to think revolutionarily, embarking on new journeys and venturing into new spaces. In a cluttered and fragmented market, SODIC will also leverage innovation to move forward and stay consistently ahead of the game.

SODIC's new strategy revolves around five main themes: growth and expansion, scaling up operations, customer-centricity, digital transformation, and culture transformation.





# 07

# SODIC'S PURPOSE

We create and deliver sustainable developments that redefine the real estate market. We work hand in hand with our stakeholders, safeguarding their interests and earning their trust for life.





# HOW SODIC WILL GET THERE

## 2022–2026 STRATEGY

Over the coming five years, the company will implement a strategy that focuses on its people and unleashes their capabilities to drive growth and increase brand equity. In parallel, it will continue to put its residents first by finding new innovative and digital solutions to listen and react to their aspirations and demands, growing its base of loyal and repeat customers. With a new operating model and organizational structure that was designed in 2021, SODIC is well-prepared with the tools it needs to achieve its ambitious plans.

The strategy for the next five years identifies primary objectives that the company aims to meet, and is backed by a clear set of KPIs that measure its success. Through a set of reporting methods, the strategy will achieve the company's ambitious vision of accelerated growth to maximize value to clients and shareholders by leading the Egyptian real estate landscape through diversity, experience, and value creation.





# INTERVIEW WITH

## STRATEGY, BRAND, AND SUSTAINABILITY EXECUTIVE DIRECTOR

# NADINE OKASHA

### Q HOW DID YOU ENSURE PEOPLE CAME FIRST IN 2021?

A Over the past few years we have really been prioritizing people; for example, we have been measuring our NPS, a scoring system that gauges customer satisfaction, to drive change in the way we work to meet their needs. We outsource a renowned market research agency once a year to measure customer satisfaction through a series of questions, which provide us with a score. We are happy to have

progressed in the ranks as the number one real estate developer in 2021.

This is a culmination of the efforts we have been doing on community and facility management, after-sale communication, and client servicing, as well as our development strategy.

In terms of our own people, we have been scoring world-class INPS scores for the past two years. Our employees are how we achieve our goals and their engagement and development are an integral part of our strategy.

“ Our mission is to create and deliver sustainable developments that redefine the real estate market, and our goal is to lead the Egyptian real estate landscape through diversity, experience, and value creation. ”

### Q HOW IS THE ACQUISITION CHANGING THE WAY YOU DO THINGS?

A Our mandate is ambitious growth. The consortium led by Aldar has big expansion plans for SODIC, which we are preparing for with a solid new strategy to take us to the forefront of the industry by all numbers, bolstering our prowess across the chain to deliver on it. This means expediting the plan that was previously in place.

Following the transaction, we underwent a systemic integration process that covered financial consolidation, a Governance, Risk, and Compliance (GRC) assessment, and strategy workstreams that put together our current five-year strategy. Aldar and SODIC enjoy great synergies, and through numerous workshops, we are streamlining processes, ensuring knowledge transfer, and kicking off initiatives that will boost operations across the company.

We will also be doubling down on sustainability with big plans that be announced by the end of 2022.

### Q TELL US ABOUT THE 2022-2026 STRATEGY. WHAT ARE THE ADOPTED VALUES OF THIS STAGE?

A We just recorded sales of over EGP 11 billion this past year. SODIC's vision for the 2022-2026 period is to lead the Egyptian real estate landscape through diversity, experience, and value creation. Our fundamental mission remains the same: create and deliver sustainable developments that redefine the real estate market. Regarding our brand persona, we are still and will always remain a "cool" company, meaning that we are authentic, aspirational, and progressive.

We are untraditional in the way we do business. We are not afraid of new undertakings or being the first to venture into new spaces. We deliver on our promises despite challenges by utilizing our core values, which are integrity, synergy, commitment, ownership, and agility—all of which have not changed.

### Q WHAT'S THE FIRST STEP FOR BEING CUSTOMER-OBSSESSED? AND WHAT'S COMING NEXT?

A Listening to our customers. And we will continue to do so in more creative ways. We are currently looking into automating customer ratings to get more real-time feedback on all our interactions. This will allow us to receive feedback whenever a customer interacts with SODIC in order to leverage that knowledge and redesign customer journeys based on results. We are building a Customer Experience unit that is responsible for measuring, designing, and auditing customer experience. We are planning to push the bar much higher in terms of customer satisfaction and loyalty.



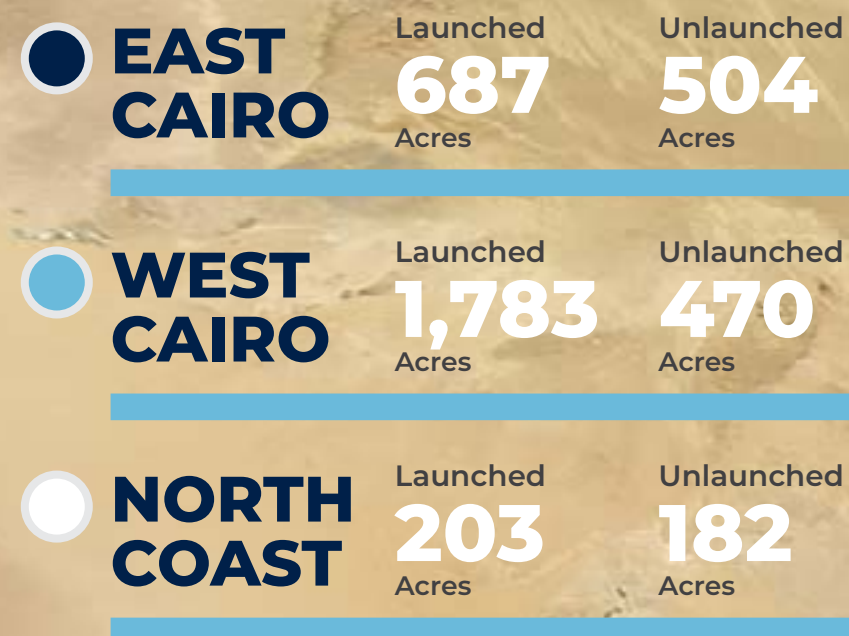
An aerial night-time rendering of a large-scale urban development. The scene features a winding river or canal in the center, flanked by lush green parks and pedestrian walkways. To the right, there are modern, multi-story buildings with illuminated facades and rooftop terraces. A bridge with colorful lights spans the river. The background shows a dense cityscape with lights reflecting on the water.

# 08

# THE RESIDENTIAL DEVELOPMENTS

SODIC's land bank is well-diversified among our main markets of East Cairo, West Cairo, and the Mediterranean North Coast. This land bank provides a competitive edge in the market, enabling the company to develop the right product, create the right community, and deliver the right experience to customers.





With its high quality, primely located land bank, strong embedded margins, trusted brand, and customer first approach,  
**SODIC is well-positioned to meet its 2022–2026 growth plans.**

## OUR LAND BANK

Since 2016, SODIC has taken significant steps to replenish its land bank, acquiring almost 6 million square meters of new land. During the past three years, SODIC added over 700 acres to its West Cairo land bank, expanding on its already solid footing in this strategic zone. SODIC has 655 acres in East Cairo and has further acquired 280 acres in the North Coast last year, expanding its presence in an important market.





# SODIC'S LIVABLE COMMUNITIES





# SODIC WEST

SODIC's flagship development, SODIC West, is the largest planned mixed-use development in Sheikh Zayed, comprising 15% of the city and spanning 1,500 acres. SODIC West is made up of several interwoven developments that create an Egyptian destination like no other. Its vibrant mix of residential and commercial sub-developments creates a community that embodies modern life in Cairo.



# OCTOBER PLAZA

October Plaza is strategically located in 6<sup>th</sup> of October City, a mere 10-minute drive from SODIC West. Combining contemporary architecture with the components of an active lifestyle, the development includes a 1.7 km safe walkway, cycling pathways, swimming pools, and meeting spots in order to provide a true living community feel. October Plaza provides charming contemporary apartments in a cozy, exclusive living community.





# EASTOWN

Built on 204 acres, Easttown is a mixed-use development strategically positioned in the heart of New Cairo, adjacent to the American University in Cairo (AUC). Offering multi-family homes, Easttown is designed to offer its residents a modern lifestyle. Easttown is infused with pockets of landscape and pedestrian walkways and developed around the vibrant Club S, making the entire project a truly integrated mixed-use development. Boasting a commercial component in addition to residences, Easttown offers multiple family homes, prime office spaces, and high-end retail units.

Easttown is now fully sold and almost fully delivered.



# VILLETTE

Launched in 2014, Villette brought SODIC's first single-family offering to East Cairo. Master-planned by the world-renowned American firm SWA, the project comprises several neighborhoods with single and multi-family homes and offers over 2,000 units ranging from standalone villas to high-end apartments and duplexes. Strategically located at the center of New Cairo, Villette offers its residents all the benefits of a luxurious suburban development: outdoor space, activities, and tranquility, alongside a socially engaging town center.







## KATAMEYA PLAZA

Located only minutes away from the American University in Cairo and Future University, Katameya Plaza was SODIC's first venture into East Cairo. The development raises the bar for contemporary apartment living in Egypt, having been designed and master-planned by ArchGroup—the world-class firm behind the design of Grosvenor House in Dubai. Katameya Plaza strikes the perfect balance between a healthy lifestyle and the comfort and security of a gated residential community.



# CAESAR

Nestled in the heart of Ras el Hikma, and minutes from the Al-Dabaa road, Caesar is home to one of the most beautiful bays on Egypt's Mediterranean North Coast. A beautiful development infused with nature along sandy beaches and developed with simplicity at its heart, Caesar offers a community of homes built on terraced levels with unobstructed sea views on a 1KM beachfront.

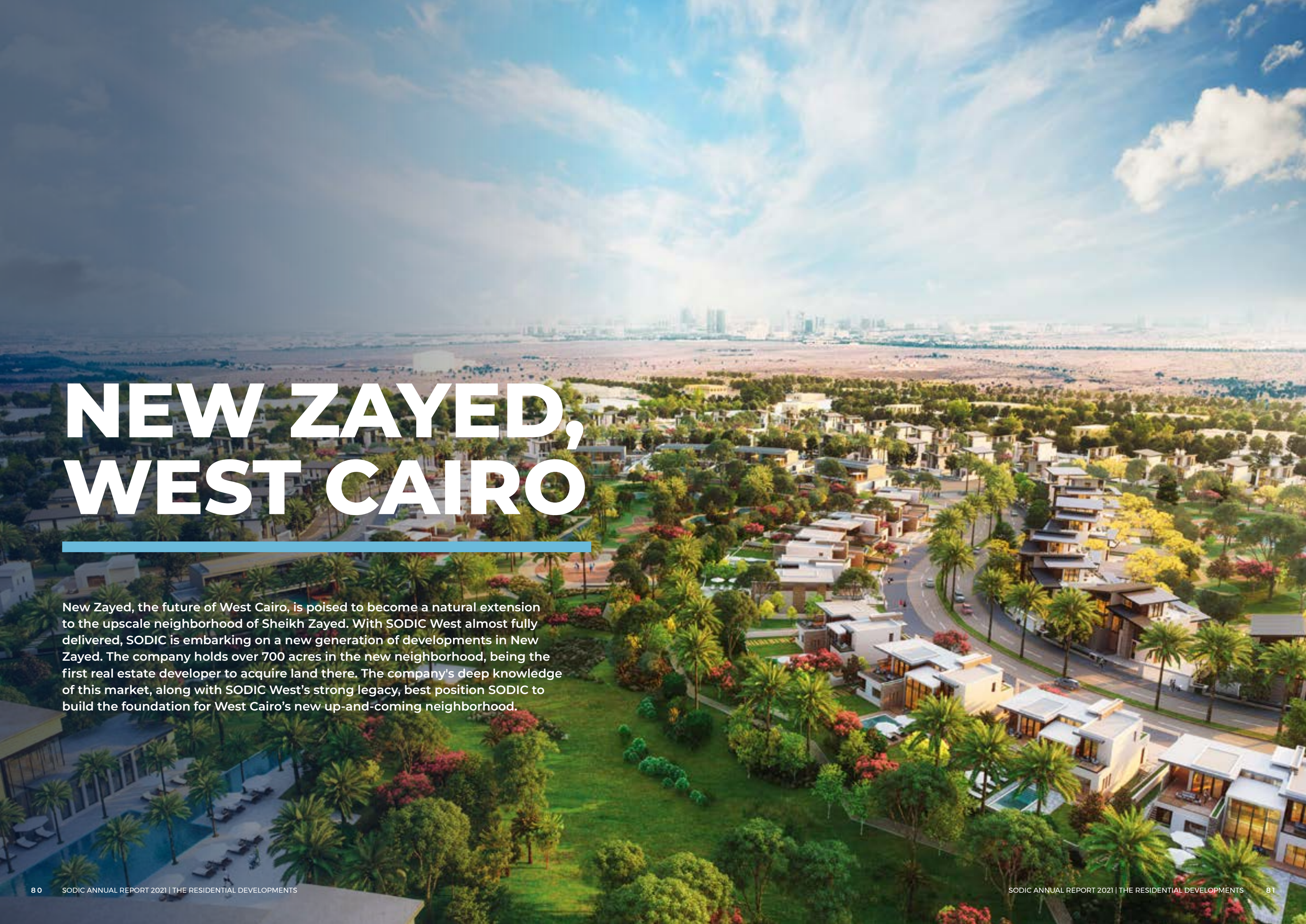




# NEXT GENERATION PROJECTS

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# NEW ZAYED, WEST CAIRO

New Zayed, the future of West Cairo, is poised to become a natural extension to the upscale neighborhood of Sheikh Zayed. With SODIC West almost fully delivered, SODIC is embarking on a new generation of developments in New Zayed. The company holds over 700 acres in the new neighborhood, being the first real estate developer to acquire land there. The company's deep knowledge of this market, along with SODIC West's strong legacy, best position SODIC to build the foundation for West Cairo's new up-and-coming neighborhood.



# THE ESTATES

## THE ESTATES

Located a mere five minutes from SODIC West and spanning 150 acres in New Zayed, SODIC's high-end signature development features 160,000 sqm 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.

## THE ESTATES RESIDENCES

An important milestone in 2021 was acquiring a plot of land that serves as a natural extension to the upscale signature project, The Estates in New Zayed, after it enjoyed strong sales performance.

Launched in early 2022, the signature high-end quality project offers luxury multi-family homes. The project booked EGP 1 billion in sales and reservations on launch day.





# THE 464-ACRES

The 464-Acres project is targeted to be New Zayed's city center. It will house a 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, 464-Acres is set to be SODIC's second largest development in West Cairo, only 10 minutes away from SODIC West.

In 2019 and 2020, the company launched VYE and Karmell on the now 464-Acres, respectively.

## VYE

Targeting a new generation of homebuyers, VYE brings a new kind of mixed-use development to New Zayed, built with innovation and sustainability in mind. Located within the 464-Acres project, it offers novel solutions to Egypt, with Neo, the first expandable apartments within multi-family buildings, and Sol, the first solar-powered town and twin homes. VYE's unique designs and solutions stand apart with outdoor spaces designed to cater to sports and community activities. Among its perks, 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.

VYE's units were so sought after, the first phase of the project was sold out just 48 hours after its launch.

## KARMELL

SODIC's second development on the 464-Acres plot, Karmell, is inspired by California's Carmel-by-the-Sea. It is designed as a small town, centered around easy living, with shops in every corner and nature interwoven in everyday life. Karmell brings a walkable, enjoyable central town experience, fostering 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. The first phase of the project was sold out on the day of its launch.





An aerial architectural rendering of a large-scale urban development in East Cairo. The image shows a dense grid of modern residential buildings, interspersed with green spaces, parks, and a winding water feature. A prominent red path or canal runs through the center of the development. The overall design emphasizes a mix of urban density and natural elements.

# EAST CAIRO

With its proximity to both the New Administrative Capital and the heart of Cairo, East Cairo has gained popularity and strategic importance. The area is home to a large portion of Egypt's urban development opportunities.



# SODIC EAST

SODIC East is a full-fledged world-class destination in East Cairo, located between two of Cairo's main throughways: the Cairo-Suez and Cairo-Ismailia roads. It is directly adjacent to Al Shorouk City and in close proximity to the New Administrative Capital. SODIC East is master-planned by the renowned Massachusetts-based Sasaki, boasting over 84% open and green spaces. Parceled into neighborhoods, homes are designed around outdoor living, fostering a true sense of community while benefiting from the extensive range of amenities offered within the larger development.





# NORTH COAST

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As a prime destination for vacation homes, the North Coast presents an important market for SODIC. Having delivered Caesar, and building on its great success, SODIC is confident that it will bring another world-class destination to Egypt's North Coast with the launch of June.



# JUNE

SODIC's latest beachfront destination, June, is a coastal beach town with a beautiful sandy beach and pristine seawater. The Miami-inspired development 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 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 the owner's summer escape. Like the rest of SODIC's developments, June is built with an eco-friendly vision and brings smart green living to the North Coast. The new Dabaa road facilitates a much smoother commute from Cairo, providing ease of access to this summer getaway.





“  
Our goal is to build  
communities everywhere  
we go.  
”

## INTERVIEW WITH

### CHIEF OPERATING OFFICER

# AYMAN AMER

#### Q WHAT WERE THE BIG MILESTONES OF 2021?

**A** Preparing the 464-acre plot in New Zayed for relaunch was one of our primary goals. Due to a replanning strategy undertaken by the government, the project was suspended until it was resized and its boundaries were altered to accommodate urban plans by the municipality.

Estimated to generate about EGP 36 billion in sales, it is one of our flagship destinations and future growth drivers.

Another important milestone was concluding a deal with the New Urban Communities Authority (NUCA) to acquire a plot to serve as an extension to the Estates, which proved to be very popular with our customers. We later launched The Estates Residences on the plot in early 2022.

We also closed a deal with the first Finnish-British School in SODIC East, which was another proud

moment that we believe will create further value to our customers and generate more demand for our East Cairo project.

And in terms of governance, we're very happy to announce that in 2021, we became the first company in Egypt to obtain the CIPS accreditation after a three-year journey.

#### Q TELL US MORE ABOUT JUNE!

**A** After the success of our North Coast project, Caesar, which is practically fully-delivered, the company launched June in 2021, 8 km east of Caesar.

Its unique typography allows unobstructed sea views to almost 70% of residents, with land elevation reaching 55m above sea level.

The project was launched in 2021 and generated some EGP 4.14 billion in sales, almost a third of the company's

contracted sales value for the year. Total sales to be generated from June are estimated in the range of EGP 22 billion over the next six years.

#### Q AND WHAT'S THE SALES MIX YOU'RE AIMING FOR?

**A** We want to increase our presence in East Cairo, which is home to a large portion of total urban development opportunities in Egypt, and we plan to generate 45-50% of our total sales from this promising region. With 655 acres and 8,000 expected units, SODIC East is a powerful step into that market, generating 17% of our contracted sales in 2021 and 50% of our East Cairo sales in the same year.

#### Q WHAT ARE YOUR CRITERIA FOR CHOOSING A PLOT?

**A** Our plots are carefully selected to meet the needs of our residents who are escaping the hustle and bustle but still want to be connected to the city. We are close to important attractions and in the heart of up-and-coming areas. Our land plots in New Zayed are a 10-minute drive from Sheikh Zayed with all its entertainment facilities. In 5-10 years, the 464-acre plot will be the next SODIC West with all its services, because our goal is to build communities everywhere we go.

#### Q AND WHAT'S YOUR ROUTE TO MARKET? HOW DO YOU LIKE TO STRUCTURE YOUR LAND ACQUISITION DEALS?

**A** Our two sources to acquiring land are the private sector and banks on the one side and the government on the other. Predominantly in East and West Cairo, we've been working for decades with NUCA, building a successful business relationship with the government arm that allocates and sells land to developers.

#### Q WHAT ARE YOUR DESIGN AND QUALITY DIFFERENTIATORS?

**A** Our designs stand out, delivering on the appetite for a modern lifestyle, and our mixed-use strategy delivers on convenience, both primary reasons why we have repeat customers generating sales growth. Since we broke ground in Beverly Hills in 1996, we've been the first in many areas. We were the first to move to the outskirts, and +10 years later, we were the first to onboard international designers, like Michael Graves and Mark Mack. Everything we deliver to the market emulates our values and purpose.

#### Q BUT WHICH ASSET CLASSES ARE YOU AIMING FOR?

**A** We listen to the market and deliver on its needs. Depending on the location and purchasing power of the population in the area, we decide on whether to build signature single-family or multiple-family units. We are diversified, and the strategy is driven by shared value creation.

#### Q AND WHAT IS THE OUTLOOK FOR 2022?

**A** We want to grow fast, and we have the track record to be optimistic about 2022. We grew our land bank significantly in 2021, and we were agile in bringing new projects to the market faster to accommodate the new growth target with new launches lined up. We're up for exciting times.





## INTERVIEW WITH

### CHIEF DEVELOPMENT OFFICER

# AHMED EL-HALAWANY

#### Q WHAT ARE YOUR BIGGEST ACHIEVEMENTS IN 2021?

**A** With strong revenue generators suspended for urban replanning purposes, our design and technical teams showed huge commitment to meeting

targets. We changed the rollout plan to expedite launches in other projects where we exceeded targets by 50-100%, oversold in every project, and, thus, came out stronger than ever before.

#### Q BIGGEST SELLERS OF THE YEAR?

**A** June, The Estates, Villette, and SODIC East.

#### Q HOW DID YOU MAKE SURE THAT PEOPLE CAME FIRST IN 2021?

**A** The suspension at 500-Acres actually put our standards and brand equity to the test, and our values showed the market that we stand strong for our clients, with only a few people cancelling despite the uncertainty.

We had open communication with clients on every development and every update from the government, as well as on every step we were taking. We waived cancellation fees and halted collections. We worked to set a clear course of action in order to ensure our clients' investments were safeguarded.

#### Q AND HOW DO YOU CREATE VALUE?

**A** We create value through convenience. From a community mall at the heart of SODIC West to religious amenities. A core offering in every project is our clubs, because we build our communities around lifestyle and wellness, and we help clients take advantage of the full experience by offering club memberships on installments. We will continue to be creative in finding ways to create value for our residents in the coming year.

#### Q WHAT IS YOUR VISION FOR THE FUTURE OF DEVELOPMENT? AND HOW IS SODIC LEADING THE WAY?

**A** We want to dive deeper into digital operations and scale up the diversity of our product offering to different segments.

There is also our intention to focus on the East and offer a multitude of asset types across a wide geographical footprint to be able to serve all of East Cairo's customers.

This is in addition to an increased focus on **sustainability**, which is a large part of our vision and should be the future of development worldwide.

#### Q HOW IS SUSTAINABILITY SEEPING INTO YOUR STRATEGY FOR THE FUTURE?

**A** We are currently conducting a full ESG assessment and are setting a sustainability strategy to guide our way forward. We are also measuring our carbon footprint to use as a baseline, so we can move toward decreasing it. 2022 will be a strong year for our efforts to bring sustainability into everything we do.

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With strong revenue generators suspended for urban replanning purposes, our design and technical teams showed huge commitment to meeting targets.

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An aerial, high-angle photograph of a modern urban development. The image shows several multi-story buildings with unique, geometric facades. One building features a prominent, large, light-colored triangular pattern on its side. Another building has a facade with a grid of small, square, reddish-brown elements. A central courtyard area is visible, featuring a paved plaza with a geometric pattern and several palm trees. The overall scene is brightly lit, suggesting a sunny day.

# 09

# SODIC'S NON- RESIDENTIAL ASSETS

SODIC's assets add value to its communities and topline growth, and this is achieved directly by generating income through a diversified portfolio and indirectly by providing a living experience that solidifies SODIC's brand name in the market and grows its loyal customer base.





## **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.



# WEST 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.







## **WEST CAIRO**

### **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 is planned to be home to world-class restaurants, cafés, and shops.



# WEST CAIRO

## WESTOWN HUB

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







SODIC  
MEDICAL  
DISTRICT

## WEST CAIRO

### SODIC MEDICAL DISTRICT

Strategically located in SODIC West, SODIC's first fully-integrated medical facility, SODIC Medical District, includes the renowned maternity hospital El Nada, as well as SODIC's own 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.



# EAST CAIRO

## EDNC

The commercial component of SODIC's mixed-use development, Easttown, and SODIC's 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 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 around 40,000 sqm are leasable. The project is developed with a focus on sustainability, with buildings' forms and façades proportioned to provide ideal daylighting through an optimum organization of office space. EDNC is designed to encourage a healthier and more productive environment with a reduced carbon footprint.





“We are targeting acquisitions that can expand our market share and footprint in both existing and new markets.”

# INTERVIEW WITH

## CHIEF INVESTMENT OFFICER

# HEBA MAKHLOUF

### Q WHAT IS YOUR PRIMARY OBJECTIVE AS PART OF THE WIDER CORPORATE STRATEGY?

**A** SODIC is embarking on an exciting new chapter. With 25 years of success behind us and Aldar and ADQ's acquisition in 2021, our future will be shaped by bold growth moves. The investment business unit has two main mandates in our strategy. The first is expediting SODIC's growth inorganically through acquisitions and M&As, contributing to both growth and diversity. We are targeting acquisitions that can expand our market share and footprint in both existing and new markets, as well as adding diversity to our asset classes.

The second is managing SODIC's assets post-handover including managing our residential communities as well as the commercial asset portfolio. We do this by focusing on curating retail experiences within our developments and enriching our residents' living experience, creating thriving and sustainable communities.

In that sense we are very focused on the strategic pillars of growth and expansion, as well as customer excellence.

Our priority for this year is setting up our new business unit and bringing the right talent on board to steer our plan towards engaging our residents, bringing in traffic, and driving repeat customers and unit buyers, to ultimately increase the return on investment from these assets.

### Q WHERE DO YOU FEEL SODIC'S BIGGEST GROWTH OPPORTUNITY IS?

**A** While the underlying demand for new homes remains strong, over the past couple of years we have seen growing competition in the market. We are looking to make big strides in our market share as part of our 5-year strategy and we believe the market is ripe for consolidation. SODIC is a strong platform with solid execution capabilities that allow us to scale up through acquisitions to consolidate market share, enter into new locations, or even target different customer segments.

On the other hand, we believe that harnessing the success of our existing developments is a key differentiator for us. Having over 30,000 residents in our communities, we continuously strive to have a deep understanding of our customers' evolving needs. Delivering outstanding places and experiences is central to our sustainable business model. In this chapter of growth, we focus on investing in technology innovations and insights that enable us to be even more data-driven and build our operational expertise to understand and respond to changing needs and identify key trends in our industry. This allows us to reinvest in our assets and our customer journey to constantly be on the forefront of the market.

### Q 2022 IS AN EXCITING TURNING POINT FOR YOU; WHY?

**A** With our new operating model in place, we are now even more focused on our clients' post-handover experience both on the residential and retail side. On residential, we are rolling out a digital-first transformation allowing us to interact and measure our customer experience more effectively and really curate the experiences they are seeking. Meanwhile, on the non-residential assets side we are building up our capabilities and leveraging Aldar's experience to deliver great retail experiences.

We are working on the launch of our first retail experience in East Cairo in our property adjacent to the AUC, as well as further developing our portfolio in SODIC West. Through engaging activations, we will make them a destination for both residents and non-residents, young and old demographics, through a comprehensive offer that meets different needs.

### Q WHAT ARE THE NEW STRATEGIC DIRECTIONS YOU'RE LOOKING FORWARD TO?

**A** We're diversifying our asset portfolio. After the success of the British International School of Cairo (BISC) in creating a destination within SODIC West, our strategy has changed from selling education assets to managing them. Soon we'll be activating in new developments, like VYE and Karmell, co-owned schools that generate recurring income to SODIC. Education assets are becoming increasingly important to us, and in 2022 we had a successful activation in SODIC East with the first-of-its-kind overseas Finnish British School.

Over the coming five years, we will be looking to add new asset classes to our portfolio, introducing diversity into our revenue streams.

We're also looking forward to reintroducing activations in the art, music, and entertainment spaces, where we were a first mover in the past, to continue to offer an authentic experience to our residents, in addition to continuing our legacy of running special events for our prime customers that bring the community together.

### Q HOW IS YOUR BUSINESS MODEL OR OFFER UNIQUE?

**A** Sustainability and long-term thinking are central to our purpose to deliver outstanding places and positive outcomes for all our stakeholders. The SODIC living experience is exceptionally unique, given the fact that there are only a small handful of developers that offer this scale of livable communities, but, more importantly, because we prioritize the post-handover management of our assets and customers through Edara, which positions us to deliver the most sought-after experience in the market.

### Q EDARA IS A GIANT COMMUNITY SERVICES ARM UNDER YOUR BUSINESS UNIT; WHY IS IT SPECIAL?

**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 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 customers with everything they need to maintain a safe, secure, and stress-free life. This extends to investing in ambulances and fire trucks to support our emergency response capability, ensuring the safety of our residents.





# SERVING OUR COMMUNITIES

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# CLUB S

Club S is SODIC's sports management arm. It runs three sports clubs across its different communities in East and West Cairo, with the fourth soon to be operational in Vilette in New Cairo.

At the heart of SODIC's community experience, Club S is a committed promoter of active living. It brings residents a variety of exciting sports experiences, along with entertainment and wellness offerings for families. The club's offerings include leisurely pools, spas, spacious social terraces, and activities that include zip lining, splash pools, mountain climbing, among others.







# EDARA

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.





# 10

# A NEW WAY OF DOING THINGS

An important pillar to the success of SODIC's growth strategy is an adequately constructed organizational structure that can bring fast and big changes through empowered, accountable, and innovative people.





“

2021 is one of our proudest years, because we completed our organizational transformation plan, successfully completed a lengthy due diligence, and achieved our highest financial results to date, without dropping the ball on anything.

”

## INTERVIEW WITH

EXECUTIVE DIRECTOR OF PEOPLE AND CAPABILITIES

# AHMED SAMIR

### Q WHAT WERE THE BIGGEST HIGHLIGHTS OF 2021?

**A** The Aldar/ADQ transaction required a lengthy, thorough due diligence process, and many departments and teams worked relentlessly throughout the year on making sure we completed it successfully. In parallel, we worked on SODIC 2.0, which is our plan for structural organizational change set to support our growth over the coming 10 years,

all while ending the year with the most remarkable results across several KPIs, such as sales growth YoY, launches and developments, profitability, and NPS. We can therefore say that 2021 is one of our proudest years, because we completed our organizational transformation plan, closed the deal with Aldar-ADQ, and achieved our highest financial results to date, without dropping the ball on anything.

### Q AND WHAT IS SODIC 2.0?

**A** SODIC 2.0 is our spring board into the future and the change we need to materialize our expansion plans. It is a new organizational structure where we transform from a normal functional structure to one that has two fully-accountable business units—the Development business unit and the Asset Management and Investment business unit. They are enabled by a very well-governed execution capability and served by integrated support functions to design and deliver the best experience to our communities.

The Development business unit consists of all things related to the development, sales, and marketing of our projects, new land acquisitions, customer relations, customer service, and handover. The Asset Management and Investment unit looks after all post-handover activities that have to do with liveability, retail, recurring income, leasable income portfolio, as well as our new M&As and investment decisions.

SODIC 2.0 is hence a major enabler for our growth plan. We're up for a sprint and a marathon and an aggressive long-term strategy where every year is a sprint for growth in terms of both business results and

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**It is both a sprint and a marathon**

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company transformation. This past year for us was all about working our business processes backward to get to the desired structure and figure out how to change it to the better.



# WITH SODIC 2.0

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We transformed from a normal functional structure to one that has two fully-accountable business units—“Development” and “Asset Management and Investment”.

”

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As we grow into our third decade, and to grow exponentially, we must change the way we make decisions and become a competitive-creative culture.

”

**Q THIS MUST HAVE DRIVEN CHANGES IN YOUR CULTURE. CAN YOU DESCRIBE THE CULTURAL EVOLUTION AT SODIC—HOW DID IT START AND WHERE IS IT HEADED WITH SODIC 2.0?**

**A** Since the beginning, SODIC has had a family culture at its core. And during the first decade of the company's lifetime, we started essentially as an extremely collaborative culture, working toward making one project succeed, which was Beverly Hills.

Starting 2006, with the transformation the company underwent and the growth in its portfolio, the structure evolved to become more functional to manage the different developments in an environment where accountability was more dispersed, skewed toward a slower and more controlled culture.

Now, as we grow into our third decade, and to grow exponentially, we must change the way we make decisions and become a competitive-creative culture.

**Q AND WHAT'S THE COMPETITIVE CREATIVE CULTURE YOU'RE CREATING TODAY?**

**A** Competitive creative cultures empower people to take decisions rather than bottlenecking those decisions at the top. What we want at SODIC is for its smart and capable talent to take decisions faster,

allow project teams to incubate new ideas, and foster innovation. To bring this vision to life through business processes, we spent 2021 crafting the right policies and procedures that are dictated by a well-defined delegation of authority. We are moving from a risk-averse, controlled culture to one that fosters fast growth and innovation. So, we tapped into the conscious (the people) and the subconscious (the structure) of the organization to finally deliver our manual that is now in place. It's not just slogans on the walls. We now know how to become more agile, faster, and more innovative.

**We are moving from a controlled culture to one that fosters fast growth and innovation**

**Q AND WITH THIS NEW CULTURE, HOW DID SODIC'S VALUES CHANGE IN 2021?**

**A** Our intrinsic, hygiene values will always remain the same, which are ethics and integrity. They are our zeros and ones. You either have them or you don't. But we have transformed our core competencies into aspirational values, which are being: 1) winners, 2) customer-obsessed, 3) creative, and 4) sustainable.

**Q YOU'RE NO LONGER THE HR DIVISION, BUT THE PEOPLE AND CAPABILITIES DEPARTMENT. WHAT IS ITS NEW REMIT?**

**A** The People and Capabilities Department is rather a value driver than an administrator. We take care of the entire employee life cycle: their compensation, development, and training, but there's more. We now look after the Innovation and the Center of Excellence departments, which are concerned with governance, business process, and service management excellence and are responsible for arranging the frameworks, committees, and charters that ensure that business processes are being managed in the most agile and adept way. We serve

as the custodian of policies and procedures, revising and engineering our organizational processes to be the most effective they can be.

We avoid positioning ourselves as a policing HR Department but rather one that shapes the business through enablement. We are a group of business partners with the purpose of aligning all our organizational components and elements with our strategy to best serve our customers, meaning we're aligning our internal customers (employees) with the external ones (clients). We do that through retaining the best people, building the systems and processes that streamline our work within the organization, and through culture.

**Q AND WHAT'S YOUR PROUDEST MOMENT THROUGHOUT THE PAST EIGHT YEARS?**

**A** Announcing SODIC 2.0 was one of my proudest moments. It is a game changer for this organization. We worked hard at it this year. In addition to the deal with Aldar-ADQ—that is another cherished achievement.

**Q AND WHAT IS THE OUTLOOK FOR 2022 FOR SODIC'S CULTURE TRANSFORMATION?**

**A** I believe by year-end 2022, we will be half-way through achieving the desired culture, and significant differences will be visible in our culture, namely one that nurtures how the company operates, how our people see the ingredients needed for us to grow, and how people ultimately embody our culture.



# 11

# SUSTAINABLE IMPACT

An impact on people, the environment, and the wider community





## DEVELOPING SODIC'S PEOPLE

SODIC's people are its most valuable asset, and one of its main priorities is to retain the best talent. In addition to offering competitive compensation packages in comparison to its peers, SODIC continuously makes space for those who add value and creates positions for them to excel and grow, while providing career progression opportunities within the company.

What also makes SODIC stand out is its commitment to developing its own homegrown leadership, instead of hiring from other organizations, to nurture a sense of ownership across all levels. SODIC looks for ambitious people who can rise up to challenges and become the

next leadership team. SODIC invests in training and fosters equal opportunity across both genders. In 2021, SODIC trained both technical and admin calibers and extended over 80 courses to more than 60 employees, a third of whom were women.

SODIC is currently building a repository and quality management system that defines for every function its job specifications, required skills, and standard operating procedures, in order to guide its people on how to create value and equip them with the right tools.

## CONTRIBUTING TO THE JOB MARKET

SODIC is a major employer that creates jobs and drives economic growth. It directly employs more than 600 employees and an additional 3,000 through

its subsidiaries. Moreover, SODIC indirectly creates employment opportunities for an estimated 30,000 people across its value chain.

## LEADERSHIP IN ESG

SODIC believes in being an innovative role model for its employees and suppliers by driving awareness around environmental issues.

Its headquarters are solar-powered with electricity generated from solar panels mounted on shaded parking areas, and company buses are provided for commuting, with 28 vehicles transporting around 400 employees daily.

SODIC has developed initiatives to increase paper recycling and installed automatic water taps to decrease water waste. The company also uses LED lights throughout its premises.

SODIC has also developed an Environmental Manual, which stipulates all environmental requirements by which contractors must abide while working on SODIC projects. SODIC also strictly follows the Egyptian government's regulations regarding correct and safe waste disposal and requires its contractors to follow suit.

Blazing the trail for responsible practices in the country, SODIC is the first company in Egypt accredited by CIPS. This entails unparalleled governance and transparency, benefit for a company of SODIC's size and reputation. The accreditation also signifies to suppliers, customers, and shareholders that they can trust the company more. It also enhances the company's workflow, as SODIC uses CIPS' tools and best practices. The move was made possible after the launch of the procurement portal in 2017 and the automation of the entire vendor cycle and bidding process. All of SODIC's tenders are digitized and uploaded to the platform, which allows for transparency and streamlines the process, making it more efficient than ever.





## FOCUS ON SUSTAINABILITY

SODIC has long been a supporter of the United Nations Global Compact (UNGC) and its principles on human rights, labor, environment, and anti-corruption. Reporting on its social and environmental performance has become an integral part of its regular reporting practice.

SODIC has been a signatory to the UNGC since 2014 and a believer in the United Nations Sustainable Development Goals (SDGs), including ending poverty, good health and well-being, quality education, decent work, and economic growth, sustainable cities and communities, industry innovation, and infrastructure.

SODIC is aware of the impact the sector has on the environment and takes the necessary steps to reduce the negative effect its operations have on the planet. It adopts a precautionary approach, having several strategies in place to maintain an environmentally and financially sustainable business model.

In 2021, SODIC launched its dedicated sustainability function, which will be focused on the promotion and execution of new sustainability initiatives in the coming years, both internally and externally

## DELIVERING SUSTAINABLE DEVELOPMENTS

SODIC's upcoming projects are designed to respond to residents' need to be part of a larger, more sustainable ecosystem, and the designs and offerings are a product of innovative ideas and the aspirations of young Egyptians.

SODIC works diligently to become more energy efficient and foster a waste-conscious attitude within its communities. Maintaining a healthy quota of green spaces in its developments, employing solar power, supporting recycling, and establishing a rigorous maintenance system all contribute to lowering water and energy consumption.

SODIC places great focus on mobility, providing residents with various eco-friendly options to reduce their carbon footprint. Electric-powered shuttles allow SODIC West residents to lower emissions. Its newest development in East Cairo, SODIC East, is situated three minutes away from the monorail station currently under development. Master plans are designed to promote walking and cycling. Its 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.





## CREATING SHARED VALUE

### A RESPONSIBLE DEVELOPER

SODIC is fully aware of its responsibility as a corporation to support the development of society at large. And while many efforts could reap immediate returns, it prefers those that are sustainable and seek a change that echoes further and longer than the here and now.

Its CSR model is based on specific objectives to deliver projects with recurring revenue streams that drive their self-led businesses. Projects need to be: sustainable, so they can live long after SODIC withdraws; scalable, to increase footprint across a growing population; and part of SODIC's focus sectors, which are education, home improvement and rehabilitation, equal opportunity, and relief.

### EDUCATION

Education is a core area, as it is scalable and has the strongest potential to change people's lives in a sustainable way.

#### EDUCATE ME

In 2020, SODIC partnered with Educate Me (EM), a non-profit organization that offers a very unique model in education. The foundation develops educational curricula for a community school in Talbeya, and it provides teacher training to private and public school educators for a fee to generate enough income for the school to be self-sustained, while also magnifying its impact, scaling it up to reach thousands of children in 15 different governorates.

EM is now able to recover 65% of its running costs. So far, EM has benefited over 70,000 children and more than 14,000 direct beneficiaries over the past four years. 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.

### TAWASOL

#### ISTABL ANTAR

Since 2012, SODIC has supported Tawasol's community school in Istabl Antar for children who had escaped schooling. Tawasol provides them with quality education and 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.

The school children also perform plays and acrobatic performances for a fee, allowing them the space for creativity and personal development while also generating income for the community.

### EZBET KHAIRALLAH

SODIC contributed to the purchase of a plot of land that is home to Tawasol's new state-of-the-art school in Ezbet Khairallah, which opened its doors in 2020. It is built over 1,050 m<sup>2</sup>, with a capacity to host over 500 students and provide the same multi-disciplinary experience in a much healthier and well-equipped environment. The school has a community hub offering health services, such as free weekly check-ups and funding programs for students and neighboring community members. The old building acts as a community hub for students who have graduated, providing them with a safe space for learning and interaction.





## HOME IMPROVEMENT AND REHABILITATION

As a real estate developer, SODIC believes in the right to decent, equitable living conditions.

### FUTURE EVE FOUNDATION (FEF)

In 2018, SODIC partnered with Future Eve Foundation (FEF) to support marginalized females. The foundation offers microloans to the unbanked segment of impoverished widows and single mothers.

In Minya, Upper Egypt, SODIC's loans are utilized for home improvement in highly impoverished neighborhoods. With a 100% payback rate, the program is remarkably successful in empowering women to better their lives and allows us to recycle funds and extend the loan to a wider bracket of beneficiaries. So far, SODIC has invested a total of EGP1.3 million in the revolving fund, resulting in 858 loans worth over EGP 5 million being disbursed to 640 women.

### RELIEF PROGRAM

SODIC's Relief Program runs annual donation drives, blood drives, blanket drives, and food packing and distribution runs, with all collections channeled conscientiously and diligently to those most in need. Since 2019, SODIC has impacted over 6,500 families.

### PARTNERS IN VENTURE PHILANTHROPY

Founded in 2004, Alfano is the Arab region's first venture philanthropy organization. Guided by the belief that self-reliance and income generation are critical to lasting social impact, it invests in ambitious social enterprises and organizations to help make them financially independent.

To date, Alfano has impacted over 46,000 lives through investments in 31 social enterprises.

SODIC and Alfano started working together in 2009. Since then, the fund has provided grant funding and management support to nine social enterprises in Egypt, improving 24,947 lives to date.





## SPORTS IMPACT

Empowering youth and promoting sports have always been a part of SODIC's ethos. SODIC is an avid supporter of sports at large with a strong legacy in sports leadership.

### ESLAM ABU ALI

SODIC is proud to sponsor an exceptional athlete, Eslam Abu Ali, the first Egyptian para-triathlete to complete the IRONMAN 70.3 race. He is ranked 5th globally in the 100 m Breaststroke at the World Para-Swimming Championships in Mexico. The company continues to support Eslam in his incredible journey as an inspirational super adaptive athlete.

### HANIA EL HAMMAMY

In 2021, SODIC signed a two-year sponsorship agreement with squash champion, Hania el Hammamy. Hania el Hammamy is the PSA World Tour's most recent first-time major winner and is ranked as the 3rd PSA world squash player. She is also the winner of the 2020 CIB Black Ball Women's Squash Open, which she won at the age of 19. El Hammamy most recently won the title of champion at both the 2022 British Open and El Gouna International 2022.

### SODIC JUNIOR SQUASH TOUR

The SODIC Junior Squash Tour is a unique and prestigious tournament circuit for junior players to compete against different levels. The tour helps spread the game of squash among younger age groups and bring many talents together from all over the world to Egypt, the squash capital of the world.



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# CORPORATE GOVERNANCE

 **SODIC**



# BOARD OF DIRECTORS



**TALAL AL DHIYEBI**  
**CHAIRMAN OF THE BOARD**  
**(NON-EXECUTIVE)**

Talal Al Dhiyebi is the Group Chief Executive Officer at Aldar Properties, having previously held the positions of Chief Development Officer and Executive Director of Asset Management, among other senior positions within the group.

Al Dhiyebi serves on the boards of numerous companies, including Chairman of Aldar Investment, Chairman of Aldar Estates, Chairman of Musanada,

Vice-Chairman of Aldar Education, and board member of Miral Asset Management, Abu Dhabi Motorsports Management, Sandooq Al Watan, Abu Dhabi Housing Authority, and Abu Dhabi Chamber of Commerce and Industry.

Al Dhiyebi is a graduate of electrical engineering from the University of Melbourne, Australia.



**OSAMA SALEH**  
**DEPUTY CHAIRMAN OF THE**  
**BOARD (INDEPENDENT)**

Osama Saleh served as Non-executive Chairman of SODIC from April 1, 2020 until 16 January, 2022. Saleh has over 40 years of experience during which he held several leading positions in the public and private sectors. Saleh is a renowned Egyptian economist who once served as the Minister of Investment.

Saleh served as the 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 received a BA from the Faculty of Commerce, Cairo University.





## JONATHAN EMERY

### BOARD MEMBER (NON-EXECUTIVE)

Jonathan Emery is the Chief Executive Officer at Aldar Development and is responsible for all development activities across the company.

Throughout his 30+ years in the global real estate industry, Emery has held senior positions at leading developers, including UK Managing Director at Hammerson and Managing Director of Development and Communities at Majid Al Futtaim. Most recently, he has held senior positions at Lendlease—a multinational construction, property,

and infrastructure company—where he was both CEO of the firm's global residential practice and Managing Director of Property for Europe, and prior to that, he was their Managing Director of Development for Australia.

Emery graduated from Nottingham Trent University in the UK. He has also attended a number of other academic institutions including Henley Management College, Harvard, and INSEAD, and he has been a visiting professor at Yale University.



## SANA KHATER

### BOARD MEMBER (NON-EXECUTIVE)

Sana Khater is the Executive Director of Group Finance at Aldar Properties and is responsible for leading the company's finance functions across reporting, assurance, controllership, and managing relationships with subsidiary management teams, external auditors, and regulators.

Khater has over 25 years of experience in the finance and banking sectors, having held several financial leadership positions within publicly-listed companies

spanning UAE, Kuwait, and Canada. Most recently, she served as Chief Financial Officer at Waha Capital.

Khater holds a degree in accounting and finance from McGill University, as well as a range of other qualifications from the American University of Beirut, Saïd Business School, University of Oxford, IMD, and Wharton. She serves as an Independent Audit Committee member at Abu Dhabi Health Services Company (SEHA).



## DAVID DUDLEY

### BOARD MEMBER (NON-EXECUTIVE)

David Dudley is the Chief Partnerships and Investments Officer at Aldar Development and is responsible for executing and managing development partnerships, including joint ventures, public-private partnerships, land acquisition, and corporate acquisitions. Dudley also plays a key role in the development and implementation of Aldar Development's strategy for international expansion and asset class diversification.

Dudley has over 25 years of global experience in real estate advisory, development management, asset management, and transactions. Prior to joining Aldar, he held senior positions at JLL, including Director of

Operations and Head of Abu Dhabi, KSA, and Egypt, and prior to that, he held senior roles with JLL in Hong Kong, Asia, Russia, and the UK.

Dudley holds a BSc (Hons) in urban land economics from Sheffield Hallam University. He serves as a board member for various Aldar Development Partnerships.



## FAHAD ABDULLA AL MAHMOOD

### BOARD MEMBER (NON-EXECUTIVE)

Fahad Abdulla Al Mahmood is the Managing Director of Aldar International and is responsible for leading Aldar's expansion into international markets. The company's first new market entry was completed in 2021 through the acquisition of a majority stake in one of Egypt's leading real estate companies, SODIC.

Since joining Aldar in 2013, Al Mahmood has held a number of senior positions including Chief Ventures Officer at Aldar Development, Executive Director of Stakeholder Management, and Director of Infrastructure and Government Relations. Before his time at Aldar, he spent seven years at Emirates

Advanced Investment as a secondee from the UAE Government, where he was employed as an engineer since 2001.

Al Mahmood received his MBA from the New York Institute of Technology and his BSc in electrical and electronics engineering from the United Arab Emirates University (UAEU).





## OMAR MEHANNA

### BOARD MEMBER (NON-EXECUTIVE)

Omar Mehanna is the Head of Sovereign Partnerships at ADQ.

Mehanna has over 20 years of investment and banking experience across multiple sectors, including real estate and infrastructure, technology, and financial services. His previous roles include Head of Investments at Abu Dhabi Investment Office, Global Head of Merchant Banking at NBAD, and Head of HSBC MENA Investment Banking.

He is a qualified ICAEW Chartered Accountant from PwC UK and currently serves as a member of the Board of Directors of Amoun Pharmaceuticals.

Mehanna received his MSc in management (Artificial Intelligence thesis) and BSc in econometrics and mathematical economics from London School of Economics.



## MAGUED SHERIF

### BOARD MEMBER (EXECUTIVE)

Magued Sherif is SODIC's Managing Director. He has over 35 years of professional experience during which he held several leadership positions with prominent companies in the industry. Some of his past positions include Egypt Country Head and Properties Chief Executive Officer at Majid Al Futtaim Properties Egypt, as well as General Manager and Senior Vice President at Palm Hills Developments for a 10-year period starting from the company's inception. Sherif was also Chief Executive Officer and Managing Director at Hyde Park Properties for Development from 2012 to 2014.

Most recently, Sherif was the Co-Founder and Managing

Director of Venturers LLC in Orlando, Florida, and the Co-Founder of AA Investments LLC in Orlando, Florida. Earlier in his career, Sherif was the Head of the Privatization Unit at Arthur Anderson, in addition to spending seven years at Bechtel Egypt and Bechtel Limited. He began his career as a Site Engineer with Orascom Construction Industries in 1986.

Sherif holds a BSc in architecture from Cairo University, Egypt, in addition to an MBA from The American University in Cairo.



## AMER AL AMERI

### BOARD MEMBER (NON-EXECUTIVE)

Amer Al Ameri is the Head of Venture Capital and Technology Investments at ADQ.

Prior to joining ADQ, he spent two years at the Abu Dhabi Executive Office as a member of the team managing the Abu Dhabi government's flagship Ghadan 21 program. He also held investment roles at the Abu Dhabi Investment Council. Al Ameri currently serves as a member of the Board of Directors of

Invest AD, a specialist principal investment and asset management company focused on the MENA region, as well as some of the region's most promising start ups.

Al Ameri is a Chartered Financial Analyst (CFA) Charterholder and has an MBA from the University of Oxford.



## DALIA KHORSHID

### BOARD MEMBER (INDEPENDENT)

Dalia Khorshid is the Chairwoman and CEO of MASAR. Prior to that, she founded and chaired Eagle Capital for Financial Investment. Khorshid is the former Egyptian Minister of Investment, a position through which she led the charge on Egypt's investment law.

Khorshid has over two decades of extensive and diverse experience in the banking and financial sector with some of the biggest corporate names in Egypt. Prior to her stint as Minister, Khorshid spent 11 years as Executive Vice President and Group Treasurer at Orascom Construction Limited and Group Treasurer at OCI NV, where she successfully spearheaded their multi-billion-dollar fundraising initiatives. She also spent a year with the groups as Deputy Corporate Finance and Investment Banking Group Head of the North African region, where she skillfully brought

numerous deals to completion, including cementing a loan to OCI-owned Algerian Cement Company and advising on several high-level M&A transactions.

Khorshid held numerous roles within Citibank's Corporate Banking Group in Egypt, working her way from Management Associate to Vice President of the division to Head of Corporate Finance and Investment Banking in Citibank Middle East and North Africa. Khorshid also spent three years as Relationship Manager of the Corporate Banking Group of CIB, Egypt's largest private sector bank. Khorshid holds a BA in business administration from The American University in Cairo.



# LEADERSHIP TEAM



**MAGUED SHERIF**  
**BOARD MEMBER (EXECUTIVE)**

Magued Sherif is SODIC's Managing Director. He has over 35 years of professional experience during which he held several leadership positions with prominent companies in the industry. Some of his past positions include Egypt Country Head and Properties Chief Executive Officer at Majid Al Futtaim Properties Egypt, as well as General Manager and Senior Vice President at Palm Hills Developments for a 10-year period starting from the company's inception. Sherif was also Chief Executive Officer and Managing Director at Hyde Park Properties for Development from 2012 to 2014.

Florida, and the Co-Founder of AA Investments LLC in Orlando, Florida. Earlier in his career, Sherif was the Head of the Privatization Unit at Arthur Anderson, in addition to spending seven years at Bechtel Egypt and Bechtel Limited. He began his career as a Site Engineer with Orascom Construction Industries in 1986.

Sherif holds a BSc in architecture from Cairo University, Egypt, in addition to an MBA from The American University in Cairo.

Most recently, Sherif was the Co-Founder and Managing Director of Venturers LLC in Orlando,



**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 8 billion of medium-term debt facilities.

Prior to joining SODIC, Elhamawy spent eight years as the Director of 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, and 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.





## AYMAN AMER

### CHIEF OPERATING OFFICER

Ayman Amer is the Chief Operating Officer at SODIC, heading the development business unit and overseeing operations from land acquisition and project development to marketing and sales of SODIC's developments. He has over 20 years of experience in the real estate, project management, and construction industries in North Africa.

Amer previously served as SODIC's Chief Business Development and Procurement Officer, where he was responsible for setting and monitoring SODIC's procurement strategy across all divisions, as well as expanding the company'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.



## AHMED EL-HALAWANY

### CHIEF DEVELOPMENT OFFICER

Ahmed El-Halawany is the Chief Development Officer at SODIC. He 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 in 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 and Residential Units at Marakez and as the Development Director at Eagle Hills Properties. At

SODIC, El-Halawany held the same position, overseeing Eastown for over two years. Earlier in his career, El-Halawany spent five years as 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.



## YASSER EL SAID

### CHIEF PROJECTS OFFICER

Yasser El Said is the Chief Projects 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 Project Manager at Dubai-based Nakheel Co. and served as Construction Manager at project management firm Hill International.

During his work in Egypt, El Said spent nine years with ABB SUSA, taking part in various USAID projects.

El Said holds a BSc in civil engineering from Mansoura University.



## HEBA MAKHLOUF

### CHIEF INVESTMENT OFFICER

Heba Makhoul is the Chief Investment Officer at SODIC. She oversees the Investments Business Unit, including SODIC's mergers and acquisitions, as well as the operations of all SODIC's current and future leasable assets and all post-delivery customer touchpoints.

Makhoul joined SODIC in 2014 with over ten years of corporate finance and corporate banking experience gained in the UK, France, and Egypt.

Prior to joining SODIC, Makhoul served as Vice President of Corporate Finance at BNP Paribas in London and Paris, where her responsibilities covered

Africa. During that period, she advised on an array of M&A transactions across diversified sectors, including telecoms, oil and gas, and banking. Before joining BNP Paribas, she spent four years as Vice President at Delta Rasmala investment banking in Cairo and three years as a Credit Analyst at BNP Paribas banking in Cairo.

Makhoul holds a BA in business administration from Cairo University.





## HISHAM SALAH

### CHIEF TECHNOLOGY OFFICER

Hisham Salah is SODIC's Chief Technology Officer. Salah has 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 (FTTH) 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 at 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 (currently known as 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.



## AHMED SAMIR

### PEOPLE AND CAPABILITIES EXECUTIVE DIRECTOR

Ahmed Samir is SODIC's Executive Director of People and Capabilities, overseeing SODIC's Human Resources function, Center of Excellence & Transformation as well as Innovation. Ahmed has over 17 years of experience in Human Resources & Organization Development 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 developing an array of HR foundations and strategies as well as running assessment centers and mega

recruitment projects for many clients in different sectors including but not limited to tech, shipping, FMCGs, and telecoms.

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, English section at Cairo University, as well as a number of certifications from renowned HR institutes, including HAY Group, Towers Watson, and SHL.



## NADINE OKASHA

### STRATEGY, BRAND, AND SUSTAINABILITY EXECUTIVE DIRECTOR

Nadine Okasha is the Strategy, Brand, and Sustainability Executive Director at SODIC. In her current capacity, Okasha heads SODIC's strategy management office and several other corporate functions, including market research and customer experience, as well as SODIC's corporate marketing, public relations, social responsibility, and sustainability 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 served as 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. She earned her BSc in chemical engineering from Cairo University in 2002 and her certification from the Wharton School of Business Executive Development program in 2009.



# CORPORATE GOVERNANCE REPORT

At **SODIC**, we uphold our commitment and adherence to sound principles of corporate governance, ethical conduct, and good corporate citizenship to bolster our performance as a company and maximize shareholder value.

## SHAREHOLDERS' GENERAL MEETINGS

Ordinary and extraordinary general meetings shall be convened in the city where the company's head office is located and 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 will not be valid unless it is evidenced by a written power of attorney or unless the representative is a shareholder.

## OWNERSHIP STRUCTURE

Holders of 5% or more of shares	Beneficiary	No. of shares as at the date of financial statements	Percentage %
Aldar Ventures International Holdings RSC Limited	Self	213,240,140	59.87%
Gamma Forge Limited	Self	91,388,632	25.66%
Total		304,628,772	85.52%



# BOARD OF DIRECTORS

## BOARD FORMATION

Following the acquisition of 85.5% of SODIC's shares by an investor consortium led by Aldar Properties, the new shareholders elected the new Board of Directors that comprises 10 members during the general meeting held on 16 January 2022. The board comprises non-executive members 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
1	Talal Shafique Abdullah Al Dhiyebi	Chairman Non-Executive	213,240,140	16/1/2022	Aldar Ventures International Holdings RSC Limited
2	Osama Abdulmonem Mahmoud Saleh	Deputy Chairman Independent	-	16/1/2022	Self
3	Jonathan Michael Emery	Board Member Non-Executive	213,240,140	16/1/2022	Aldar Ventures International Holdings RSC Limited
4	David Manson Dudley	Board Member Non-Executive	213,240,140	16/1/2022	Aldar Ventures International Holdings RSC Limited
5	Sana Khater	Board Member Non-Executive	213,240,140	16/1/2022	Aldar Ventures International Holdings RSC Limited
6	Fahad Abdulla Mohamed Abdulla Al Mahmood	Board Member Non-Executive	213,240,140	16/1/2022	Aldar Ventures International Holdings RSC Limited
7	Omar Mohamed Hassan Mehanna	Board Member Non-Executive	91,388,632	16/1/2022	Gamma Forge Limited
8	Amer Saleh Al Ameri	Board Member Non-Executive	91,388,632	16/1/2022	Gamma Forge Limited
9	Magued Ahmed Sami Mohamed Sherif	Managing Director Executive	-	16/1/2022	Self
10	Dalia Hazem Gamil Khorshid	Board Member Independent	-	16/1/2022	Self

## BOARD MEETINGS

A board or committee meeting may be attended in person, by phone (conference call), or by any means of visual communication (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 under 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 toward 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.

## THE 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 all 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 interests while avoiding any conflicts of interest.
- ▶ Ensure the efficiency of the governance system and the effectiveness of the board committee's performance.



## MANAGING DIRECTOR

The Managing Director performs his duties according to the powers vested in him by the board and according to the law, including the following:

- ▶ Execute the company's strategy and 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, and seek to improve customer satisfaction.
- ▶ Work on the implementation of all the company's internal policies, rules, and regulations approved by the board.
- ▶ Propose matters, in consultation with the Chairman, 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 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 roles 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 him 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 Managing Director in preparing the meeting agendas; prepare the information, data, and details relating to 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 the 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.
- ▶ Keep and document all that is related to the board's 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	Executive Committee	ESOP, Compensation / Nomination & Remuneration Committee	Audit Committee	Member's Capacity	Position on Committee	Joining Date
1	Talal Shafique Abdullah Al Dhiyebi		✓	✓	Independent	Head of Audit Committee/ ESOP Committee Member	16/1/2022
2	Osama Abdulmonem Mahmoud Saleh	✓			Non-Executive	Head of Executive Committee	16/1/2022
3	Jonathan Michael Emery	✓			Non-Executive	Committee Member	16/1/2022
4	David Manson Dudley	✓		✓	Non-Executive	Committee Member	16/1/2022
5	Sana Khater	✓	✓		Non-Executive	Committee Member	16/1/2022
6	Fahad Abdulla Mohamed Abdulla Al Mahmood	✓			Non-Executive	Committee Member	16/1/2022
7	Omar Mohamed Hassan Mehanna	✓			Executive	Committee Member	16/1/2022
8	Amer Saleh Al Ameri		✓	✓	Independent	Head of ESOP Committee/ Audit Committee Member	16/1/2022



## CONVENED BOARD AND BOARD COMMITTEE MEETINGS

12 board meetings, four Audit Committee meetings, and one ESOP, Compensation, and Remuneration Committee meeting were convened during the year 2021.

## BOARD MEMBERS’ ATTENDANCE DURING THE YEAR 2021

NO.	Name	Board Meetings	Audit Committee Meetings	ESOP, Compensation, and Remuneration Committee Meetings
1	Osama Abdulmonem Mahmoud Saleh	12/12	4/4	1/1
2	Magued Ahmed Sami Mohamed Sherif	12/12	-	-
3	Walid Sulaiman Abdulmohsen Abanaumay	12/12	-	1/1
4	Sabah Tayseer Barakat/ Jonathan Franklin**	10/12	-	1/1
5	Timothy Clark Collins	10/12		1/1
6	Elizabeth Critchley	7/12	-	-
7	Hisham Hussein El-Khazindar	9/12	1/4	1/1
8	Omar Mahmoud Raafat Elhamawy	12/12	-	-
9	Tabrouk Development Company (represented by one member to be determined later)	-	-	-
10	Soreal for Real Estate Investment (represented by one member to be determined later)	-	-	-

\*\* On 11/5/2021, the company announced that Olayan Saudi Investment Company Limited—a member of the Board of Directors—has changed its representative on the board to Mr. Jonathan Michael Franklin, replacing Mr. Sabah Tayseer Barakat.

## AUDIT COMMITTEE

The Audit Committee comprises three members, including two independent members. The committee convened four times during 2021 in accordance with the legal requirement of conducting periodic meetings.

## THE AUDIT COMMITTEE’S ROLES AND DUTIES

The committee performs the role assigned to it under The Egyptian Exchange listing rules and the related governance instructions, decisions, and regulations. The committee examines the management’s implementation of the board’s policies and ensures that the business operations are run properly through:

- ▶ Examining and reviewing the internal control procedures and whether they were properly implemented.
- ▶ Ensuring the company establishes an effective risk management process.
- ▶ Following up on the result and implementation of necessary corrective actions regarding any investigations conducted in incidences of fraud or conflict of interest.
- ▶ Studying the adopted accounting policies and the changes resulting from the implementation of any new accounting policies, as well as examining the following:
  - The coherence between the adopted accounting policies and any changes that occur 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; and
  - All essential information submitted with the financial statements.
- ▶ Examining and reviewing the internal audit mechanisms, tools, procedures, plans, and results; studying the internal audit reports; and monitoring the implementation of the recommendations of said reports.
- ▶ Examining and reviewing the periodical managerial reports submitted to different managerial levels, the methods of preparing these reports, and the time at which they were presented.
- ▶ Monitoring the procedures applied in the preparation and review of the following:
  - The interim and annual financial statements; and
  - The prospectuses of subscriptions, public offerings, and private placements.
- ▶ Examining the draft financial statements and annexed notes before they are presented to the board and before they are sent to the auditor.
- ▶ Discussing and examining with the management the matters of material importance.
- ▶ Examining the efficiency of the system followed for monitoring compliance with the applicable laws and regulations, as well as examining and monitoring the results of the investigations conducted by the management (including disciplinary actions) to address any incidents of non-compliance.
- ▶ Examining the results of all inspections conducted by regulatory authorities and any remarks given by auditors, as well as ensuring the proper corrective actions are taken
- ▶ Reviewing the procedures of communicating the code of ethics to employees in order to monitor compliance.
- ▶ Proposing the appointment of the auditor, determining his fees, and examining the matters relating to his resignation and removal without prejudice to the law.



- ▶ Expressing its opinion on tasking the external auditor with services other than auditing the company's financial statements and determining the related fees without prejudice to the auditor's independence requirements.

- ▶ Examining and reviewing the auditor's report on the company's financial statements, discussing the remarks and qualifications stated in the report with the auditor, following up on the actions taken in response to these remarks and qualifications, and working on settling any differences between the viewpoints of the company and those of the auditor.

- ▶ Ensuring the implementation of the control methods necessary for preserving the company's assets and the conduction of periodical assessment of the administrative procedures to ensure adherence to the rules, and prepared reports for submission to the board.

- ▶ Discussing and approving the annual plan of the Internal Audit Department, monitoring the efficiency of the plan, and ensuring that it covers all the company's departments and activities.

- ▶ Inviting the auditor, the internal audit manager, and others from inside and outside the company, as it deems necessary, to attend committee meetings.

- ▶ Carrying out and following up on all other aspects of work the board assigns to it.

### ESOP, COMPENSATION, AND REMUNERATION COMMITTEE

The ESOP, Compensation, and Remuneration Committee comprises independent and 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 comprises some of the company's board members. The committee monitors the implementation 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 company's management to protect the integrity of assets and ensure efficiency of operations. The system also specifies the different functions and completely segregates the different duties and responsibilities, which are considered 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 that all instructions have been carried out properly.
- ▶ 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 the company achieve its objectives. To do so, the Internal Audit Department adopts a systematic and structured approach to evaluate the internal control tools and systems and the risk management procedures, and 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 functionally to the Audit Committee and administratively to the Managing Director.

The Internal Audit Department’s Manager is appointed and removed, and his remuneration is determined by a decision of the Managing Director based on a recommendation by the Audit Committee. The Audit Committee also 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 functional processes 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 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.
- ▶ 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 his work.

INTERNAL AUDIT SCOPE AND MAIN DUTIES

ROLE OF AUDIT DEPARTMENT

- ▶ Assess the efficiency of the internal control system and submit to the Audit Committee reports on the findings.
- ▶ 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 regulatory bodies.

SCOPE

Financial, operational and technical activities

IS IT A PERMANENT DEPARTMENT OF THE COMPANY OR AN EXTERNAL PRIVATE AUDIT COMPANY?

Permanent department of the company

NAME OF THE INTERNAL AUDIT OFFICER/THE PRIVATE EXTERNAL AUDIT COMPANY

Mr. Ibrahim Badr Ed-Din

FREQUENCY OF REPORTS

Quarterly

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.

AUDITOR

The company has appointed its auditor for 2021, 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 interim financial statements and auditor reports, board reports, accounting, and budgets. 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 FRA, and the media through, for example, newspapers, websites, and press conferences.

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 all 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 Assembly 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 interim financial statements. This is in preparation for submitting the financial statements to the auditor to issue his report on them, 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 JUDGEMENTS AGAINST THE COMPANY IN 2021

NO.	Judgments, Penalties, and Fines During the Year	Penalty in EGP
1	Imposing a financial obligation by EGX for violating the provisions of Article 31 of the listing rules and Article 45 of the executive regulations of the listing rules.	5,000
2	Delaying in submitting H1 2021 Separate Financial Statements to FRA for 9 days from due date.	9,000

INVESTOR RELATIONS

Investor Relations is among the most important activities of the company. It aims to stimulate and strengthen relationships with current and potential investors through the data and information provided to the EGX and by answering the inquiries of the shareholders and capital market, opening channels of communication with those concerned with the capital and investment market, and ensuring disclosure and transparency requirements are fulfilled. Thus, it brings about positive effects on the following:

- ▶ Investors' view of the company's current performance and expectations for future performance.
- ▶ The liquidity required for trading the company's shares on the stock exchange.
- ▶ Reduction of the financial cost in the long term.
- ▶ Raising confidence of those dealing with the company and other concerned parties and increasing the number of groups supporting the company.

The Investor Relations Manager carries out the following duties:

- ▶ Developing a work plan for the Investor Relations Program by understanding the market and the requirements of the company. The plan includes the disclosure policy of the company, the duty to observe all laws, regulations, rules, listing procedures, disclosure requirements, decisions of FRA and the EGX, organization of the information issued by the company, and disclosure of the material information in accordance with the applicable disclosure rules, in cooperation with the company's liaison officers.
- ▶ Disclosing to financial analysts, current and potential investors, and rating institutions the information regarding the operations and plans of the company through meetings and conferences, and monitoring and verifying the accuracy of the reports issued about the company.
- ▶ Creating and monitoring the investor database, with respect to investors' type or geographical region.
- ▶ Organizing promotional campaigns and events for the company in accordance with the pre-established plan and facilitating the investors' visits to the company's sites.
- ▶ Communicating with investors through various contact channels, such as the company's website and through press releases, and participating in preparing the annual report targeting the current and potential investors.
- ▶ Conveying the circumstances of the market to the top management and dealing with the rumors that affect the shares of the company.
- ▶ Cooperating with the company's departments in preparing the disclosure reports and forms that the company is required to submit.
- ▶ Preparing and continually updating the Investor Relations pages on the website.



# DISCLOSURE TOOLS

## ANNUAL REPORT

The company issues an annual report in English that includes a summary of the board report, financial statements, and all other information of importance to shareholders, current and potential investors, and other concerned parties. This report provides information on the company, its business, and its financial position. It serves as a report by the management to all those concerned with the company's matters that took place during the year. The report includes at least the following:

- ▶ Statement of the Managing Director
- ▶ Vision and target
- ▶ Company strategy
- ▶ Company history and the most important turning points
- ▶ Ownership structure
- ▶ Top management and board formation
- ▶ Analysis of the market in which the company operates
- ▶ Current and future projects
- ▶ Report on social and environmental responsibility
- ▶ The financial performance
- ▶ The Auditor's report and the financial statements compared with the corresponding past periods

## BOARD REPORT

The company issues an annual board report in adherence to the Company Law No. 159 of 1981 and its executive regulations as well as the listing rules and their implementation procedures. The report is prepared by the Compliance Department in cooperation with the Investor Relations Department and the Finance Department. The report includes the following:

- ▶ Discussion of the financial results and material matters
- ▶ The major achievements during the year
- ▶ The main changes in the company's administrative structure
- ▶ Board formation and the number of board meetings held
- ▶ Board committees' formation and the number of committee meetings held
- ▶ The average number of employees and the average salary for the year

- ▶ Employee reward and incentive policies
- ▶ The matters that took place regarding the related-party agreements concluded the previous year, and the related-party agreements proposed for the following year
- ▶ The company's observance of corporate governance and social and environmental responsibility
- ▶ The conflicts of interest cases reported between the company and its insiders that require disclosure to the company's Board of Directors.

**Additionally, the company prepares a quarterly board report on the company's business and results.**

## DISCLOSURE REPORT

The company issues a quarterly disclosure report prepared according to the disclosure form contained in the listing rules and their implementation procedures. The report is prepared by the Compliance Department in cooperation with the Investor Relations Department, and a copy of the report is sent to the EGX. The disclosure report includes the following:

- ▶ The company's contact details
- ▶ The names of the Investor Relations officers and their contact details
- ▶ Structure of the shareholders possessing 5% or more of the shares
- ▶ Overall shareholding structure, specifying the free float shares
- ▶ Details of the treasury shares, if any
- ▶ Changes in the board and the last formation of the board
- ▶ Formation of the board committees

## WEBSITE

The company has a website in Arabic and English, through which financial and non-financial information is displayed in a user-friendly way. The website is continuously updated and is easy to use as a means of communication with the company, which makes sure to respond to all messages and inquiries received.

# SUSTAINABILITY APPROACH

At SODIC, we not only build houses but also 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 set 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 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), Egypt Vision 2030. Our compliance with applicable laws, internally-developed guidelines that fit the Egyptian context, and voluntarily adopted international standards showcase our commitment to the safety and wellbeing of our employees, 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 wellbeing, quality education, gender equality, 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 toward 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 wellbeing of our residents, integrated communities, and innovating homes for the future.

### 2. DEVELOPING OUR PEOPLE

Our people are our most valuable asset, and 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 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.

### 3. DELIVERING TO OUR CUSTOMERS

Our primary business focus is creating value for all our stakeholders, with our customers being at the 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. We adopt a more sustainable approach where we remain committed to our customers after delivering their homes and throughout their life in our developments. Our property management arm, Edara, is one of the things that sets us apart in the market and is how we deliver on the promise of a much happier and healthier lifestyle.

## 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, working toward 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 spread 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 OUR COMMUNITY

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 9,000 families annually. SODIC's corporate citizenship programs focus on the development areas of education, slum rehabilitation, equal opportunity, and philanthropic relief.



# 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 reinforces 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 supervisory 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.

## THE INSIDERS' TRADING ON THE COMPANY'S SHARES THAT TOOK PLACE DURING 2021

NO.	Name	No. of shares as of 1 Jan 2021	Bought shares during the year 2021	Sold shares during the year 2021	No. of shares as of 31 December 2021
1	Olayan Saudi Investment Limited	48,331,696		39,042,116	9,289,580
2	RA Six Holdings Limited	31,992,544		31,992,544	0
3	Dr. Walid Soluman Abd El-Mohsen Abanumay and his related parties	35,096,108		35,096,108	0
4	Sodic ESOP Program	10,930,594		7,052,169	3,878,425



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# FINANCIAL STATEMENTS





# AUDITOR'S REPORT

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

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" (S.A.E.), which comprise the consolidated statement of financial position as at December 31, 2021, 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 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 whether the financial statements are free from material misstatement.

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

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

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sixth of October for Development and Investment Company "SODIC", as at December 31, 2021, 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 7th, 2022



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT

EGP	Note No.	31 December 2021	31 December 2020
<b>Non-current assets</b>			
Property, plant, equipment	(25)	778 566 405	581 410 188
Projects under construction	(26)	129 185 058	134 774 619
Investment properties under development	(27)	3 156 406 139	2 103 226 267
Investments in associates and joint ventures	(28)	-	377 843
Investment properties	(29)	368 044 461	137 928 366
Right of use - Assets	(30-1)	55 069 321	54 496 633
Trade and notes receivable	(20-2)	1 177 626 366	794 441 952
Debtors and other debit balances	(21-2)	14 019 778	-
Deffered tax assets	(15)	202 626 819	64 271 015
<b>Total non-current assets</b>		<b>5 881 544 347</b>	<b>3 870 926 883</b>
<b>Current assets</b>			
Inventory	(17)	18 499 329	7 876 394
Completed units ready for sale	(18)	52 212 184	69 642 963
Works in process	(19)	14 184 447 190	14 375 083 694
Trade and notes receivable	(20-1)	1 334 794 585	1 218 170 107
Debtors and other debit balances	(21-1)	3 408 447 774	2 995 420 876
Loans to joint ventures	(22)	-	-
Financial investments at amortized cost "treasury bills"	(23)	331 418 265	674 786 982
Cash and cash equivalents	(24)	1 583 054 476	1 535 698 054
<b>Total current assets</b>		<b>20 912 873 803</b>	<b>20 876 679 070</b>
<b>Total assets</b>		<b>26 794 418 150</b>	<b>24 747 605 953</b>
<b>Equity</b>			
Issued & paid in capital	(31-1)	1 424 789 472	1 424 789 472
Legal reserve	(31-2)	224 840 771	223 686 635
Special reserve - share premium	(31-3)	1 483 154 057	1 382 852 956
Retained earnings		3 599 475 037	2 954 919 721
Profit from sale of treasury shares	(32)	1 725 456	1 725 456
Reserve for employee stock option plan	(50)	-	21 528 566
<b>Equity attributable to equity holders of the Company</b>		<b>6 733 984 793</b>	<b>6 009 502 806</b>
Non-controlling interests	(33)	63 860 164	62 982 621
<b>Total equity</b>		<b>6 797 844 957</b>	<b>6 072 485 427</b>
<b>Non-current liabilities</b>			
Loans	(34)	1 323 466 533	1 822 342 750
Creditors and notes payable	(35)	1 048 151 000	13 429 153
New Urban Communities Authority	(36)	3 971 255 748	5 349 923 684
Land acquisition creditors	(37)	1 279 135 232	-
Lease contracts liabilities	(30-2)	48 431 814	46 909 744
<b>Total non-current liabilities</b>		<b>7 670 440 327</b>	<b>7 232 605 331</b>
<b>Current liabilities</b>			
Banks facilities		2 458 049	226 619
Loans	(34)	1 225 396 749	433 651 176
Advances - from customers	(38)	7 007 597 727	7 619 243 097
Contractors, suppliers and notes payable	(39)	664 610 913	652 179 321
Income tax liabilities		442 420 718	294 881 455
New Urban Communities Authority	(36)	92 417 693	262 491 314
Land acquisition creditors	(37)	16 527 290	-
Creditors and other credit balances	(40)	2 309 364 142	1 829 169 680
Lease contracts liabilities	(2-30)	11 472 628	14 251 473
Provisions	(41)	553 866 957	336 421 060
<b>Total current liabilities</b>		<b>12 326 132 866</b>	<b>11 442 515 195</b>
<b>Total liabilities</b>		<b>19 996 573 193</b>	<b>18 675 120 526</b>
<b>Total equity and liabilities</b>		<b>26 794 418 150</b>	<b>24 747 605 953</b>

\* The accompanying notes from (175) to (229) form an integral part of these consolidated financial statements and to be read therewith.

Financial Manager

Group Financial controller

Chief Financial Officer

Managing Director

"Auditor's report attached"

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EGP	Note No.	2021	2020
<b>Revenues</b>			
Real estate sales	(6)	6 199 238 082	5 188 606 961
Revenues of services of managing cities and resorts		377 272 115	328 571 579
Revenues of investment property		41 788 602	39 584 316
Revenues from clubs and golf course		304 405 784	16 729 253
<b>Total operation revenues</b>		<b>6 922 704 583</b>	<b>5 573 492 109</b>
<b>Cost of sales</b>			
Cost of real estate sold	(7)	( 3 770 427 495)	( 3 454 301 143)
Costs of services of managing cities and resorts		(296 382 560)	(253 101 380)
Costs of investment property		(15 565 869)	(11 299 895)
Cost of clubs and golf course		( 501 710 164)	(74 156 247)
<b>Total operation costs</b>		<b>(4 584 086 088)</b>	<b>(3 792 858 665)</b>
<b>Gross profit</b>		<b>2 338 618 495</b>	<b>1 780 633 444</b>
Other operating revenues	(8)	127 964 982	105 029 030
Selling and marketing expenses	(9)	( 522 589 324)	( 378 277 480)
General and administrative expenses	(10)	( 666 114 715)	( 500 311 866)
Other operating expenses	(11)	( 95 865 008)	( 4 023 008)
(Charges) / reversal of expected credit losses	(12)	( 18 674 952)	14 467 023
<b>Operating profit</b>		<b>1 163 339 478</b>	<b>1 017 517 143</b>
Finance income	(13)	156 522 415	220 823 680
Finance cost	(14)	( 148 029 258)	( 147 706 518)
<b>Net finance income</b>		<b>8 493 157</b>	<b>73 117 162</b>
<b>Net profit before tax</b>		<b>1 171 832 635</b>	<b>1 090 634 305</b>
Income tax	(15)	( 306 724 353)	( 264 675 048)
<b>Profit for the year</b>		<b>865 108 282</b>	<b>825 959 257</b>
<b>Attributable to:</b>			
Equity holders of the Company		860 309 508	819 650 973
Non-controlling interests	(33)	4 798 774	6 308 284
<b>Net profit for the year</b>		<b>865 108 282</b>	<b>825 959 257</b>
<b>Earnings per share (EGP / Share)</b>	(16)	<b>2.42</b>	<b>2.30</b>

\* The accompanying notes from (175) to (229) form an integral part of these consolidated financial statements and to be read therewith.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EGP	Note No	2021	2020
Profit of the year		865 108 282	825 959 257
Total other comprehensive income items for the year after income tax		-	-
Total comprehensive income of the year		865 108 282	825 959 257
Total comprehensive income is attributable to:			
Equity holders of the company		860 309 508	819 650 973
Non-controlling interests	(33)	4 798 774	6 308 284
Total comprehensive income for the year		865 108 282	825 959 257

\* The accompanying notes from (175) to (229) form an integral part of these consolidated financial statements and to be read therewith.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EGP	Issued and paid in capital	Legal reserve	Special reserve-share premium	Retained earnings	Profit / (losses) from selling of treasury shares	Reserve for employee stock option plan	Non-controlling interests	Total equity
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	58 804 134	5 451 750 873
Adjustments of early adopting new Egyptian accounting standards	-	-	-	(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	58 804 134	5 445 132 116
Total comprehensive income	-	-	-	819 650 973	-	-	6 308 284	825 959 257
Other comprehensive income items	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	819 650 973	-	-	6 308 284	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 employee stock option plan	-	-	-	-	-	14 961 380	-	14 961 380
Transferred to statement of profit and loss	-	-	-	-	-	378 033	-	378 033
Transferred to retained earnings- unexecuted stock option	-	-	-	19 519 786	-	(19 519 786)	-	-
Dividends to non-controlling interests in subsidiaries	-	-	-	-	-	-	(2 129 797)	(2 129 797)
Total transactions with owners of the Company	28 073 984	9 756 580	(28 073 984)	(203 988 844)	-	(2 243 885)	(2 129 797)	(198 605 946)
Balance as at December 31, 2020 after adjustment	1 424 789 472	223 686 635	1 382 852 956	2 954 919 721	1 725 456	21 528 566	62 982 621	6 072 485 427
Balance as at January 1, 2021	1 424 789 472	223 686 635	1 382 852 956	2 954 919 721	1 725 456	21 528 566	62 982 621	6 072 485 427
Total comprehensive income for the year	-	-	-	860 309 508	-	-	4 798 774	865 108 282
Net profit for the year	-	-	-	860 309 508	-	-	-	-
Other comprehensive income items	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	860 309 508	-	-	4 798 774	865 108 282
Transactions with owners of the Company								
Transferred to legal reserve	-	1 154 136	-	(1 154 136)	-	-	-	-
Dividends	-	-	-	(215 108 555)	-	3 847 489	(211 261 066)	(211 261 066)
Transferred to special reserve-share premium	-	-	100 301 101	-	-	-	-	100 301 101
Reserve for bonus and incentive plan	-	-	-	-	-	17 887 171	-	17 887 171
Excuted amounts of employees stock option	-	-	-	-	-	(38 394 927)	-	(38 394 927)
Dividends to non-controlling interests in subsidiaries	-	-	-	-	-	-	(4 996 247)	(4 996 247)
Selling of shares in subsidiaries without change in control	-	-	-	-	-	-	1 075 016	1 075 016
Dividends to employees in subsidiaries	-	-	-	(4 908 947)	-	-	(4 908 947)	(4 908 947)
Transferred to profit or loss - credit interest on ESOP account	-	-	-	-	-	549 147	-	549 147
Transferred to retained earnings- unexecuted stock option	-	-	-	5 417 446	-	(5 417 446)	-	-
Total transactions with owners of the Company	-	1 154 136	100 301 101	(215 754 192)	-	(21 528 566)	(3 921 231)	(139 748 752)
Balance at December 31, 2021	1 424 789 472	224 840 771	1 483 154 057	3 599 475 037	1 725 456	-	63 860 164	6 797 844 957

\* The accompanying notes from (175) to (229) form an integral part of these consolidated financial statements and to be read therewith.



# CONSOLIDATED STATEMENT OF CASH FLOWS

EGP	Note No	2021	2020
<b>Cash flows from operating activities</b>			
Net profit for the year before tax		1 171 832 635	1 090 634 305
Adjustments for:			
Depreciation of fixed assets, investment properties and right in use assets	(30) (29) (25)	109 858 021	73 362 383
Gain on sale of property, plant and equipment	(8)	( 317 992)	( 359 679)
Interest on lease contract liabilities	(14)	4 760 192	5 409 812
Profit of sale of investments in subsidiaries without change in control		( 672 554)	-
Return on investments at amortized cost	(13)	( 81 539 829)	( 151 573 510)
Impairment loss of in associates & joint ventures		377 843	931 622
Credit interest on the reserve for employee stock option plan		549 147	378 023
Reversal of impairment of property, plant and equipment	(8)	( 1 822 589)	( 1 822 589)
Employees stock option plan expense	(10)	17 887 171	14 961 380
Dividends to employees and BOD		( 24 108 947)	( 21 703 670)
<b>Changes in:</b>			
Inventory		(10 622 935)	( 850 034)
Finished units available for sale		24 659 454	( 64 542 505)
Works in process		449 633 202	( 1 376 165 651)
Trade and notes receivables		(499 808 892)	( 376 310 363)
Debtors and other debit balances		( 446 504 024)	27 806 320
Loans to joint ventures	(22)	-	-
Provisions formed	(41)	412 955 101	212 335 736
Provisions no longer required	(41)	( 16 811 828)	-
Provisions used	(41)	( 178 697 376)	( 63 828 581)
Advances from customers		( 560 887 747)	( 37 986 446)
Contractors, suppliers and notes payable		( 292 952 427)	( 52 640 068)
Creditors and other credit balances & NUCA		839 463 350	131 734 600
Paid income tax		( 281 550 979)	( 251 972 541)
Restricted cash		( 363 164)	4 760 391
<b>Net cash generated from / (used in) operating activities</b>		<b>635 314 833</b>	<b>(837 441 065)</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of property, plant and equipment and projects under construction		( 54 354 051)	( 66 844 737)
Payments for investments properties under development		( 1 100 202 170)	-
Payments for investments at amortized cost		( 1 909 190 328)	( 1 821 647 641)
Proceeds from sale of investments in subsidiaries without change in control		1 747 570	-
Proceeds from investments at amortized cost		2 334 098 874	2 676 127 218
Proceeds from sale of property, plant and equipment		1 168 723	821 579
<b>Net cash (used in) / generated from investing activities</b>		<b>( 726 731 382)</b>	<b>788 456 419</b>
<b>Cash flows from financing activities</b>			
(Payments for) banks - credit facilities		-	( 977 091)
Proceeds banks - credit facilities		2 231 430	1 203 710
Proceeds from loans		290 164 408	879 460 460
(Paid to) loans		-	( 565 993 124)
Payment for operating lease contracts liabilities		( 22 302 325)	( 20 187 390)
Dividends to non-controlling interests		( 4 996 247)	( 2 129 797)
Proceeds from employee stock option plan		65 373 607	-
Dividends paid		(192 061 066)	( 189 871 518)
<b>Net cash generated from financing activities</b>		<b>138 409 807</b>	<b>101 505 250</b>
<b>Net increase in cash and cash equivalents</b>		<b>46 993 258</b>	<b>52 520 604</b>
Cash and cash equivalents at January 1		1 527 605 825	1 475 069 580
Effect of movement in expected credit loss on cash and cash equivalents		59 735	15 641
<b>Cash and cash equivalents at December 31</b>	(24)	<b>1 574 658 818</b>	<b>1 527 605 825</b>

\* The accompanying notes from (175) to (229) form an integral part of these consolidated financial statements and to be read therewith.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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, steward - ship, maintenance and cleaning services.
- Operating in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.
- In addition, the Company may have interest or participate in any manner with companies or others that share similar activities or which may assist it to achieve its purposes in Egypt or abroad.
- Also the Company is entitled to merge into or acquire the aforementioned companies or make them subsidiaries in accordance with the provisions of law and its executive regulations.

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

**1.4.** The 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 year ended December 31, 2021 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. Talal Al Dhiyebi is the Chairman for the Parent Company and Mr. Magued Sherif, is the Managing Director of the Parent Company.



## 2. Basis of preparation of consolidated interim 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 7, 2022.
- Details of the Group's accounting policies are included in Note (53).

## 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 judgements 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 (associates 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, 2021 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 receivables and other financial assets.

### C. Measurement of fair values

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.

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

- The Group management has decided to early adopt 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" from January 1, 2020.

## 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:

	2021 EGP	2020 EGP
Revenues from the sale of Sodic projects in West Cairo	1 435 108 232	1 807 689 025
Revenues from the sale of Sodic projects in East Cairo	4 756 563 341	3 006 229 654
Revenues from the sale of Sodic projects in North Coast	76 258 421	327 557 093
	<b>6 627 929 994</b>	<b>5 141 475 772</b>
Sales returns	(26 975 338)	(29 166 829)
	<b>6 240 954 656</b>	<b>5 112 308 943</b>
Interest income realized from installments during the year	153 060 784	179 425 677
Discount for early payment	(194 777 358)	(103 127 659)
	<b>6 199 238 082</b>	<b>5 188 606 961</b>

- Includes an amount of EGP 592 497 116 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 sold

	2021 EGP	2020 EGP
Cost of sales of Sodic projects in West Cairo (*)	859 960 272	1 214 514 056
Cost of sales of Sodic projects in East Cairo	2 877 998 441	2 042 764 591
Cost of sales of Sodic projects in North Coast	46 577 155	211 235 138
	<b>3 784 535 868</b>	<b>3 468 513 785</b>
Cost of Sales returns	(14 108 373)	(14 212 642)
	<b>3 770 427 495</b>	<b>3 454 301 143</b>

- Includes an amount of EGP 592 497 116 representing the capitalized interest on installments collected from customers of delivered units.

(\*) Includes an amount of EGP 37 846 325 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

	2021 EGP	2020 EGP
Delay penalties and cancellations	108 313 634	85 449 835
Capital gain	317 992	359 679
Reversal of impairment of property, plant and equipment	1 822 590	1 822 590
Go Smart service	9 193 879	5 821 255
Provisions no longer required	15 700	-
Other income	8 301 187	11 575 701
	<b>127 964 982</b>	<b>105 029 030</b>

## 9. Selling and marketing expenses

	2021 EGP	2020 EGP
Salaries and wages	59 844 382	52 662 934
Sales commissions	225 310 004	151 810 693
Advertising expenses	141 817 362	95 736 571
Conferences, exhibitions and events	39 773 582	25 935 364
Rent	2 883 010	2 999 856
Maintenance, cleaning and agriculture	6 977 041	2 226 758
Travel, transportation and cars	355 201	665 902
Professional and consultants' fees	10 647 173	10 183 258
Tips and gifts	4 322 786	5 879 504
Depreciation & amortization	17 206 881	15 132 749
Employees vacations	-	822 140
Fees and stamps	4 112 940	2 747 058
Printing and photocopying	1 745 319	3 841 350
Communication, electricity, telephone and water	3 566 269	2 788 443
Other	4 027 374	4 844 900
	<b>522 589 324</b>	<b>378 277 480</b>

## 10. General and administrative expenses

	2021 EGP	2020 EGP
Salaries, wages and bonuses	266 766 532	204 643 194
Board of Directors' remunerations and allowances	6 397 727	8 410 864
Training, medical care, meals & uniforms	17 523 867	19 671 687
Employees Stock Option Plan (10-1)	17 887 171	14 961 380
Specific employees benefits	1 496 254	2 278 830
Maintenance, cleaning, agriculture, and security	104 268 425	92 173 147
Professional and consultancy fees (10-2)	117 754 462	25 980 757
Advertising, exhibitions and conferences	541 481	721 895
Donations	1 265 000	5 253 170
Gifts and tips	6 036 828	12 105 917
Depreciation & amortization	29 101 112	32 320 437
Reception and hospitality	1 438 417	1 629 379
Programs and computer supplies	18 128 660	10 641 825
Stationery and printing supplies	2 545 588	1 658 757
Communication, electricity, telephone and water	7 823 554	16 542 052
Subscriptions and governmental dues	16 835 219	5 554 104
Rent	7 739 751	6 451 073
Travel and transportation	3 115 358	3 194 270
Bank charges	4 788 565	9 736 073
Employees vacations	3 162 339	3 118 469
Insurance installments	2 710 477	1 382 962
Contribution to Takaful system for health insurance	17 048 529	13 064 783
Other	11 739 399	8 816 841
	<b>666 114 715</b>	<b>500 311 866</b>

**(10.1)** Represents the fair value of the option granted at the grant date for beneficiaries of Employees Stock Option Plan granted to the executive board members and the directors as shown in note (50).

**(10.2)** On April 14, 2021, the Board approved the appointment of financial advisors to conduct the necessary study on the initial offer made by Aldar Real Estate Company to acquire the Company's shares, where the value of the acquisition fees amounted to EGP 83 million.



## 11. Other operating expenses

	2021 EGP	2020 EGP
Provisions	10 648 345	3 091 386
Operating loss (*)	84 838 820	-
Impairment loss of in associates & joint ventures	377 843	931 622
	<b>95 865 008</b>	<b>4 023 008</b>

(\*) This item represents the following:

- EGP 17.23 million represents the incurred losses of Malaaz project, as a result of the transferring the subordination of project land in North Cost to the New Urban Communities Authority in accordance with the Presidential Decree No. 361 of 2020, which in turn amended the Master plan of the entire North Coast. Accordingly, the project land which was being prepared for Malaaz project were affected by the new plans, the costs were incurred during previous periods.
- EGP 67.60 million representing the value of the expenses incurred by the company at the representing the incurred losses of the 500-acre project site, which the company's management decided not to benefit from in the new location of the project, as detailed in note. (19-1).

## 12. Charges / (Reversal) of expected credit losses

	2021 EGP	2020 EGP
Expected credit losses on loans to joints ventures	7 109 642	904 668
Expected credit losses on cash at banks	59 735	15 641
Expected credit losses on financial investments at amortized cost	61 519	-
Expected credit losses on accounts receivables	10 696 809	2 038 246
Charges / (reversal) of expected credit losses on debtors & other debit balances	747 247	(17 425 578)
	<b>18 674 952</b>	<b>(14 467 023)</b>

## 13. Finance income

	2021 EGP	2020 EGP
Interest income	74 921 067	69 250 170
Return on investment at amortized cost	81 601 348	151 573 510
	<b>156 522 415</b>	<b>220 823 680</b>

## 14. Finance cost

	2021 EGP	2020 EGP
Interest expense	130 754 696	136 441 197
Foreign exchange losses from balances denominated in foreign currencies	703 473	5 855 509
Securitization losses	11 810 897	-
Interest on lease contracts	4 760 192	5 409 812
	<b>148 029 258</b>	<b>147 706 518</b>

## 15. Income tax

### A. Items recognized in the profit or loss

	2021 EGP	2020 EGP
Current income tax expense	444 182 147	300 502 723
Dividends tax	898 010	106 650
Deferred income tax (benefit)	(138 355 804)	(35 934 325)
	<b>306 724 353</b>	<b>264 675 048</b>

### B. Deferred tax assets and liabilities movement December 31, 2021

	Balance as at 1/1/2021 asset / (liability)	Charged to profit or loss	Deferred tax resulted in asset	Deferred tax resulted in (liability)	Net deferred tax resulted in (Liability) / Asset
Property, plant and equipment	(5 508 510)	4 421 067	-	(1 087 443)	(1 087 443)
Foreign exchange differences	(7 116 532)	1 201 188	-	(5 915 344)	(5 915 344)
Provisions	72 483 459	46 843 009	119 326 468	-	119 326 468
EAS application differences	-	(1 050 162)	-	(1 050 162)	(1 050 162)
Carry forward losses	4 412 598	86 940 702	91 353 300	-	91 353 300
<b>Net</b>	<b>64 271 015</b>	<b>138 355 804</b>	<b>210 679 768</b>	<b>(8 052 949)</b>	<b>202 626 819</b>

### December 31, 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
Property, plant and equipment	(3 027 994)	(2 480 516)	-	(5 508 510)	(5 508 510)
Foreign exchange differences	(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
Carry forward losses	-	4 412 598	4 415 598	-	4 412 598
<b>Net</b>	<b>28 336 690</b>	<b>35 934 325</b>	<b>76 896 057</b>	<b>(12 625 042)</b>	<b>64 271 015</b>

- 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

	2021 EGP	2020 EGP
Profit before income taxes	1 171 832 634	1 090 634 304
Tax rate	22.50%	22.50%
Income tax using the domestic corporation tax rate	<b>263 662 343</b>	<b>245 392 718</b>
Special tax pool (financial investment at amortized cost)	872 718	(3 789 338)
Non- deductible expenses / income	20 325 095	9 380 294
Current-year losses for which no deferred tax asset is recognized	4 130 316	(3 336 008)
Differences in amortization and interest on lease obligations	4 606 394	4 623 276
Other tax adjustments	13 127 487	12 404 106
Tax as per consolidated income statement	<b>306 724 353</b>	<b>264 675 048</b>
Effective tax rate	<b>26.17%</b>	<b>24.27%</b>

## E. Unrecognized deferred tax assets

	31/12/2021 EGP	31/12/2020 EGP
Temporary deductible differences	134 841 742	133 089 430
Tax losses carried forward	19 284 768	17 785 082
	<b>154 126 510</b>	<b>150 874 512</b>

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, 2021, 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:

	2021 EGP	2020 EGP
Net profit for the year (parent company share)	860 309 508	819 650 973
Employees share of profit	-	(19 200 000)
Employees and board of directors share in subsidiaries and associates companies	-	(4 908 947)
	<b>860 309 508</b>	<b>795 542 026</b>
Weighted average number of shares outstanding during the year	356 197 368	356 197 368
<b>Earnings per share (EGP / share)</b>	<b>2.42</b>	<b>2.23</b>

## B. Separate (loss) / earnings per share

Loss / earnings per share as at December 31, 2021, 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:

	2021 EGP	2020 EGP
Net (loss) / profit or the year (according to the separate financial statements)	(365 362 841)	23 082 696
Employees share of profit	-	(19 200 000)
	<b>(365 362 841)</b>	<b>3 882 696</b>
Weighted average number of shares outstanding during the year	356 197 368	356 197 368
<b>Earnings / per share (EGP / share)</b>	<b>(1.03)</b>	<b>0.01</b>

## 17. Inventory

	31/12/2021 EGP	31/12/2020 EGP
Maintenance, operation and communication supplies	18 499 329	7 876 394
	<b>18 499 329</b>	<b>7 876 394</b>

## 18. Completed units ready for sale

	31/12/2021 EGP	31/12/2020 EGP
Cost of completed units	52 212 184	69 642 963
	<b>52 212 184</b>	<b>69 642 963</b>

## 19. Work in process

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

	31/12/2021 EGP	31/12/2020 EGP
West Cairo projects costs (I9-1)	7 799 266 365	8 641 911 634
East Cairo projects costs	4 775 170 534	5 491 001 322
North Coast projects costs (I9-2)	1 610 010 291	242 170 738
	<b>14 184 447 190</b>	<b>14 375 083 694</b>

- Includes an amount of EGP 884 831 689 representing the value of capitalized interest on installments collected from customers.



## 19.1 West Cairo projects costs

**A.** Al Yosr for Projects and Agricultural Development ("Al Yosr"), 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 number 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 Republican Resolutions (77-230 of 2017). In consideration for 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 change 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 29 September 2019 under the name of The Estates.

**B.** The balance includes the net present value of the plot of land previously ceded to the New Urban Communities Authority referred to above in paragraph (A) with an amount of EGP 1.24 billion in addition the company paid the value of administrative expenses and the Board of Trustees amounting to EGP 18.54 million. On September 1, 2021, the New Urban Communities Authority approved the request submitted by the one of SODIC subsidiaries to purchase the plot of land that were previously assigned to The Authority with an area of 123.38 acres, equivalent to 518,329.62 square meters see Note (35-1).

### **C. Company's Land settlement in El Sheikh Zayed**

The balance includes approximately EGP 268 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").

**D.** The balance includes an amount of EGP 4 491 028 070 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 Urban Communities Authority with a minimum guarantee to the Authority of EGP 11.413 billion as shown in detail in note (36).

On July 15, 2021, a letter was received from the Ministry of Housing, Utilities & Urban Communities ("The Ministry") regarding the 500-acre plot in New Zayed currently being developed by the company in co-development with the New Urban Communities Authority ("NUCA").

The letter refers to some changes to the New Zayed area plans at large including the development of new projects adjacent to the aforementioned land plot, which would affect the company's project on the plot. Accordingly, the location of the 500-acre plot is being adjusted in a way that preserves the nature and all components of the project and maximizes the benefit from these changes. The new location will be presented to NUCA's Board of Directors.

On August 26, 2021, a letter was received from the Sheikh Zayed City Development Authority stating that the subject of the aforementioned plot of land had been presented to the New Urban Communities Authority Board of Directors, including a proposal to amend the site of the company's project land to a new site. The proposed new site is located in the new Sheikh Zayed City Extension over an area of approximately 440 acres adjacent to the old plot of land and includes parts of it. In addition, it is more efficient than the original plot site, allowing an increase in the salable build up area in the project without compromising its components. On November 24, 2021, a letter was received from the Sheikh Zayed City Development Authority stating that the New Urban Communities Authority Board of Directors decided to approve the replacement of the plot of land previously allocated to SODIC in the area of Presidential Decree

No. (77) of year 2017 with a new plot of land which area is determined at 464.81 acres which has the same distinction for the original plot of land and the area. A suitable alternative period is added for the implementation of the project - the SODIC will benefit from the value of the fees previously paid for the issuance of Ministerial decree No. (980) dated December 19, 2019 in the issuance of the ministerial decree for the alternative land and without paying new administrative expenses. An annex to the contract is currently being edited that includes the enforceable rights and obligations of each party, provided that the rest of the conditions and controls remain as they were in the old contract.

On December 20, 2021, the plot of land with the new location was handed over to SODIC, accordingly the Group management has decided to recognize the financial impact of these amendments according to its best estimate in light of the information available on the date of issuing the financial statements.

## 19.2 North Cost projects costs

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 Alammara 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 share in the project revenues in accordance to 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.
- According to the Presidential Decree No. 361 of 2020, Malaaz project land subordination has transferred to the New Urban Communities Authority, which in turn amended the Master plan of the entire North Coast. Accordingly, the project land which was being prepared for Malaaz project were affected by the new plans and the legal procedures for transferring the subordination of the project to the New Urban Communities Authority are in process (Note 11).
- On August 25, 2021, a new co-development contract was concluded between the Tabrouk Development Company and the Owners Union - Shahin, amending the previous contract to include the area of land belonging to Owners Union - Shahin after increasing it to 1182 004 sq according to the new Master plan for the North Coast and as per the contract signed between the Owners Union
- Shahin and the New Urban Communities Authority on September 12, 2021.

Under the new co-development contract, Tabrouk Company at its expense, is responsible to develop all the components of the project, including the internal infrastructure and facilities, except for the licensing and construction of 200 hotel rooms, including internal facilities and infrastructure, with the commitment of Tabrouk Company, to deliver the facilities to the boundaries of the hotel plot.



The land cost as per the new co-development contract is as follows:

- A fixed payments with a total amount of EGP 2 659 509 000 to be paid over 24 equal semi-annual installments of EGP 110 812 875 each.
- A variable cost representing the Owners Union – Shahin's percentage of the project's revenues as per the terms of the contract.

The balance due on the Owners Union – Shahin that was included in the work in progress as the variable consideration for the land of the Malaaz project amounted to EGP 52.8 million has been reclassified as debtors and other debit balances (long/short-term) as this amount will be recovered from the Owners Union – Shahin's percentage in the revenues The project mentioned in item (b) above, over 8 consecutive quarterly installments of EGP 6 596 223 each, starting from the third quarter of 2021 until full payment.

The present value of the fixed payments of EGP 1 341 330 904 referred to in (a) above has been recorded as work-in-progress, as for the variable consideration mentioned in (b) above will be recorded as work-in-progress upon payment.

## 20. Trade and notes receivable

### 20.1. Trade and notes receivable current

	31/12/2021	31/12/2020
	EGP	EGP
Trade receivable	185 582 643	163 874 928
Notes receivable – units *	1 208 075 706	1 097 831 315
Trade receivable - others	4 577 730	13 831 523
	<b>1 398 236 079</b>	<b>1 275 537 766</b>
Unamortized interest – notes receivable	(51 928 483)	(55 037 010)
	<b>1 346 307 596</b>	<b>1 220 500 756</b>
Expected credit losses on trade and notes receivable	(11 513 011)	(2 330 649)
	<b>1 334 794 585</b>	<b>1 218 170 107</b>

\*The balance of notes receivable - units, represents the value of notes receivables 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: -

	31/12/2021	31/12/2020
	EGP	EGP
Receivables	9 063 562	7 381 016
Notes receivable – units' installments *	1 442 611 873	958 428 519
	<b>1 451 675 435</b>	<b>965 809 535</b>
Unamortized interest	(272 534 622)	(171 367 583)
	<b>1 179 140 813</b>	<b>794 441 952</b>
Expected credit losses on trade and notes receivable	(1 514 447)	-
	<b>1 177 626 366</b>	<b>794 441 952</b>

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

- Notes receivables not included in the financial statements amounting to EGP 19.13 billion have been disclosed in note No. (48).

The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note No. (44).

## 21. Debtors and other debit balances

### 21.1. Debtors and other debit balances - current

	31/12/2021	31/12/2020
	EGP	EGP
Contractors and suppliers – advance payments	737 368 238	773 630 738
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued Revenues	81 435 406	80 517 996
Due from related parties	3 651 669	3 651 669
Prepaid expenses and sales commissions	583 844 979	549 700 686
Deposits with others	18 436 960	16 638 899
Tax Authority	59 480 860	68 216 743
Due from the bonus and incentives plan to employees and managers fund	5 473 472	4 235 615
Heliopolis Development and Housing Company (21-1-1)	228 532 600	228 532 600
Bank accounts – Joint arrangements (21-1-2)	52 296 390	29 460 643
Bank current accounts & deposits - Maintenance (21-1-3)	1 464 125 303	1 271 821 718
Debtors from projects maintenance	171 221 648	25 332 873
Owners Union – Shahin (Note 19-2)	24 046 593	-
Defaulting Service - Securitization portfolio (21-1-4)	24 010 000	-
Other debit balances	25 093 317	13 527 150
	<b>3 514 209 055</b>	<b>3 100 458 950</b>
Expected credit losses on debtors and other debit balances	(105 761 281)	(105 038 074)
	<b>3 408 447 774</b>	<b>2 995 420 876</b>

**21.1.1.** 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 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, On December 21, 2021, an appendix has been signed to amend some of the terms and conditions of the co-development contract.

**21.1.2.** 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

**21.1.3.** 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.



**(21.1.4)** SODIC for Securitization S.A.E., SODIC's wholly-owned subsidiary announced on July 27, 2021 that it has successfully concluded its first securitization transaction by issuing an EGP 343 million securitization bond backed by a receivables portfolio of some EGP 384 million representing future instalments for 753 delivered units in SODIC's East Cairo project Eastown Residences and North Coast project Caesar. The bond comprises two tranches with tenors of 13 and 36 months which were assigned investment-grade credit ratings of AA+ and A respectively from Middle East Ratings and Investor Services (MERIS).

The details and coupon rates of the tranches are as follows:

- Tranche A with an amount of EGP 235 million, a tenor of 13 months, a credit rating of AA+, and a fixed coupon rate of 9.55%.
- Tranche B with an amount of EGP 108 million, a tenor of 36 months, a credit rating of A, and a fixed coupon rate of 9.9%.

Accordingly, the group has securitized a value of EGP 384 million representing future instalments for 753 delivered units in SODIC's East Cairo project Eastown Residences and North Coast project Caesar from the portfolio of delivered units in accordance with the securitization portfolio transfer contract dated June 20, 2021, and the transfer procedures have been completed and the securitization implemented According to the approval of the Financial Supervisory Authority dated July 27, 2021.

As a result of the securitization process, the Group recognized securitization losses of EGP 11 810 897, financial assets of EGP 2 945 027 representing the net present value of future gains, as well as financial assets of EGP 24 million representing the retained value of 7% of the issued bonds to be held on account for the service of default, collected Immediately upon issuing a letter of guarantee in favor of the bond holders and the custodian

## 21.2. Debtors and other debit balances – non current

	31/12/2021 EGP	31/12/2020 EGP
Securitization portfolio assets (21-1-4)	2 946 822	-
Owners Union – Shahin (Note 19-2)	11 096 996	-
	<b>14 043 818</b>	-
Expected credit losses on debtors and other debit balances	(24 040)	-
	<b>14 019 778</b>	-

The Group's exposure to credit risk related to debtors and other debit balances is disclosed in note No. (44).

## 22. Loans to joint ventures

	31/12/2021 EGP	31/12/2020 EGP
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.	135 485 961	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.	72 146 692	65 037 051
	<b>207 632 653</b>	<b>200 523 011</b>
Expected credit loss on loans to joint ventures	(207 632 653)	(200 523 011)
	-	-

## 23. Financial Investments at amortized cost

	31/12/2021 EGP	31/12/2020 EGP
Treasury bills at par value	335 224 773	692 125 000
Unearned return on treasury bills	(3 744 989)	(17 338 018)
	<b>331 479 784</b>	<b>674 786 982</b>
Expected credit loss on loans to joint ventures	(61 519)	-
	<b>331 418 265</b>	<b>674 786 982</b>

The Group's exposure to market & interest risk related to the trading investments is disclosed in note No. (44).

## 24. Cash and cash equivalents

	31/12/2021 EGP	31/12/2020 EGP
Bank - time deposits *	697 040 514	676 735 760
Bank - current accounts	836 881 521	848 430 721
Checks under collection	45 716 134	6 211 241
Cash on hand	3 662 301	4 506 591
	<b>1 583 300 470</b>	<b>1 535 884 313</b>
Expected credit loss	(245 994)	(186 259)
	<b>1 583 054 476</b>	<b>1 535 698 054</b>

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

	31/12/2021 EGP	31/12/2020 EGP
Cash and cash equivalents before ECL	1 583 300 470	1 535 884 313
Restricted Deposits *	(8 641 652)	(8 278 488)
Cash and cash equivalents in the consolidated statement of cash flows	<b>1 574 658 818</b>	<b>1 527 605 825</b>

\* Deposits include an amount of EGP 8.6 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 hands and at banks which is disclosed in note No. (44).



25. Property, plant, equipment

	Golf Course		Lands		Buildings and Constructions		Vehicles		Furniture and fixtures		Beach Furniture and fixtures		Office equipment and communications		Computer software		Generators, machinery and equipment		Solar power stations		Leasehold improvements		Total EGP
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP		
Cost																							
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
Cost at January 1, 2021	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
Additions during the year	-		923 092		206 040 951		13 052 858		7 234 635		2 050 613		7 437 566		1 231 252		20 911 996		-		21 590 147		280 473 110
Disposals during the year	-		-		(114 370)		( 423 795)		( 237 539)		( 191 947)		(4 078 923)		-		( 764 008)		-		( 71 629)		(5 882 211)
Cost at December 31, 2021	93 628 961		50 183 086		645 033 668		61 093 017		78 073 108		5 345 588		50 687 462		21 519 454		79 621 199		11 218 810		97 602 793		1 194 007 146
Accumulated depreciation and impairment losses																							
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
Accumulated depreciation and impairment losses at January 1, 2021	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
Depreciation during the year	1 366 942		-		27 790 477		7 646 388		11 271 902		2 012 778		6 510 901		2 108 339		9 937 896		448 753		14 738 729		83 833 105
Accumulated depreciation of disposals during the year	-		-		( 114 370)		( 423 792)		( 220 668)		( 191 947)		( 3 352 923)		-		( 656 460)		-		( 71 321)		(5 031 481)
Reversal of impairment losses during the year	(1 366 942)		-		-		-		-		-		-		-		-		-		-		(1 366 942)
Accumulated depreciation and impairment losses at December 31, 2021	93 628 961		-		83 897 586		33 873 708		37 560 834		3 449 813		34 494 650		18 448 303		39 845 811		858 227		69 382 848		415 440 741
Carrying amount																							
Carrying amount At January 1, 2020	-		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
Carrying amount At December 31, 2021	-		50 183 086		561 136 082		27 219 309		40 512 274		1 895 775		16 192 812		3 071 151		39 775 388		10 360 583		28 219 945		778 566 405

26. Projects under construction

This item is represented as follows:

	31/12/2021	31/12/2020
	EGP	EGP
Advance payments -fixtures and purchasing of fixed assets	350 541	4 774 924
Administrative buildings and caravans under construction	24 435 803	9 502 504
Hotels buildings under constructions	104 398 714	120 497 191
	<b>129 185 058</b>	<b>134 774 619</b>

27. Investment properties under development

This item represents the value of real estate investments under development that have been re-presented 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:

	31/12/2021	31/12/2020
	EGP	EGP
<b>Leasable real estates under development in: -</b>		
Projects in West Cairo	1 419 250 277	1 068 418 677
Projects in East Cairo	1 737 155 862	1 034 807 590
	<b>3 156 406 139</b>	<b>2 103 226 267</b>

28. Investments in associates and joint ventures

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

	Legal Form	Ownership Percentage		Carrying amount	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020
		%	%	EGP	EGP
Royal Gardens for Investment Property Co.	SAE	20	20	-	377 843
Palmyra SODIC Real Estate Development (A)	Syrian Ltd.	50	50	-	-
				<b>-</b>	<b>377 843</b>



Summary of financial information of associates and joint ventures: -

December 31, 2020	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
Royal Gardens for Real Estate Investments Co.	156 194	(159 464)	3 270	-	(1 048)	6 220
December 31, 2019						
Royal Gardens for Real Estate Investments Co.	153 061	(151 172)	(1 889)	-	(7 584)	12 217
<b>September 30, 2021</b>						
<b>Palmyra SODIC Real Estate Development (A)</b>	<b>22 502</b>	<b>(1 101 089)</b>	<b>1 078 587</b>	<b>552 778</b>	<b>-</b>	<b>6 797</b>
December 31, 2019						
Palmyra SODIC Real Estate Development (A)	130 216	(1 113 822)	983 606	55 683	-	4 257

(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 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 includes commercial, administrative and residential units leased out to others.

The movement of the investment properties and its depreciation is as follows: -

Description	Leased out EGP
<b>Cost</b>	
<b>At January 1, 2020</b>	<b>138 602 679</b>
Additions during the year	27 811 322
<b>At December 31, 2020</b>	<b>166 414 001</b>
<b>At January 1, 2021</b>	<b>166 414 001</b>
Additions during the Year	247 201 369
Transferred to finished units ready for sale	(10 187 226)
<b>At December 31, 2021</b>	<b>403 428 144</b>
<b>Less</b>	
<b>Accumulated depreciation</b>	
<b>At January 1, 2020</b>	<b>20 884 149</b>
Depreciation for the year	7 601 486
<b>At December 31, 2020</b>	<b>28 485 635</b>
<b>At January 1, 2021</b>	<b>28 485 635</b>
Depreciation for the year	9 856 599
Transferred to finished units ready for sale	(2 958 551)
<b>At December 31, 2021</b>	<b>35 383 683</b>
<b>Net carrying amount as at January 1, 2020</b>	<b>117 718 530</b>
<b>Net carrying amount as at December 31, 2020</b>	<b>137 928 366</b>
<b>Net carrying amount as at December 31, 2021</b>	<b>368 044 461</b>

- The fair value of investment properties leased out to others amounted to EGP 946 million as at December 31, 2021

## 30. Right of use assets and liabilities

### 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
<b>At January 1, 2021</b>	<b>87 727 986</b>
Additions during the year	17 289 741
Disposal during the year	(4 134 044)
<b>At December 31, 2021</b>	<b>100 883 683</b>
<b>Less</b>	
<b>Accumulated amortization</b>	
<b>At January 1, 2021</b>	<b>33 231 353</b>
Amortization for the year	15 712 670
Accumulated amortization of disposals	(3 129 661)
<b>At December 31, 2021</b>	<b>45 814 362</b>
<b>Net carrying amount as at January 1, 2021</b>	<b>54 496 633</b>
<b>Net carrying amount as at December 31, 2021</b>	<b>55 069 321</b>



### 30.2. Lease contract liabilities

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

	31/12/2021 EGP	31/12/2020 EGP
Lease contract liabilities	74 553 654	73 851 164
Unamortized interests	(14 649 212)	(12 689 947)
<b>Net present value of lease contract liabilities</b>	<b>59 904 442</b>	<b>61 161 217</b>
Short-term lease liabilities	11 472 628	14 251 473
Long-term lease liabilities	48 431 814	46 909 744
	<b>59 904 442</b>	<b>61 161 217</b>

## 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 have 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 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 have 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 have 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 to be fully utilized for the second and third 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, which have 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 utilize in the Employees Stock Option Plan, The commercial register was modified on January 8, 2019.
- The board of directors have 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, which have 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 utilize in the Employees Stock Option Plan, an invitation was made to held a general assembly meeting on November 1, 2020 to consider amending article 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 %
ALDAR VENTURES INTERNATIONAL	213 240 140	852 960 560	59.87
GAMMA FORGE LIMITED	91 388 632	365 554 528	25.66
EKUIITY Holding for Investments	17 252 027	69 008 108	4.84
Olayan Saudi Investment Company.	9 289 580	37 158 320	2.61
Other shareholders	25 026 989	100 107 956	7.02
	<b>356 197 368</b>	<b>1 424 789 472</b>	<b>100</b>

### 31.2. Legal Reserve

The balance as at December 31, 2021 is represented as follows: -

	EGP
Legal reserve of 5% of the Company's net profits till year 2017	41 447 167
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
Increase in legal reserve by 5% of 2021 net profit.	1 154 136
The amount used to increase the issued share capital during 2011.	(2)
	<b>224 840 771</b>



### 31.3. Special reserve – share premium

The balance as at December 31, 2021 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
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of 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 "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 by average EGP 9.27 per share.	30 343 148
Share premium for issuing 3 273 263 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2019 as a result of execution	18 508 880
The value received from the sale of 7 052 169 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2021 by average EGP 9.27 per share.	65 373 607
Share premium for issuing 7 052 169 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2021 as a result of execution	34 927 494
Amounts transferred to the legal reserve	(167 855 516)
Capital increase – related expense	(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)
	<b>1 483 152 057</b>

### 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, 2021, represents the interest shares in subsidiary's equity as follows:

	Non-controlling interest				
	Percentage	Profit / (loss) for the year	excluding profit / (loss) for the year	Balance as of 31/12/2021	Balance as of 31/12/2020
	%	EGP	EGP	EGP	EGP
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	78 784	277 276	356 060	277 276
Beverly Hills for Management of Cities and Resorts Co. (33-1)	55.54	187 721	29 778 680	29 966 401	28 703 663
SODIC Garden City for Development and Investment Co.	50	4 530 501	28 977 512	33 508 013	33 973 760
Al Yosr for Projects and Real Estate Development Co.(33-2)	0.001	411	24 747	25 158	24 747
SODIC for Development and Real Estate Investment Co.	0.001	-	20	20	20
Edara for Services of Cities and Resorts Co.	0.003	1 357	3 151	4 508	3 151
Fourteen for Real Estate Investment Co.	0.004	-	2	2	2
La Maison for Real Estate Investment Co.	0.004	-	2	2	2
		<b>4 798 774</b>	<b>59 061 390</b>	<b>63 860 164</b>	<b>62 982 621</b>

**(33.1)** The Group soled during the year 1 775 468 of its shares in Beverly Hills for Management of Cities and Resorts Co, without affecting the Group control, this resulted in increasing the non-controlling interest by an amount of EGP 1 075 016 and reducing returned earnings by the same amount

**(33.2)** The Group distributed dividends during the year amounted to EGP 4 996 247 to the non-controlling interest of SODIC Garden City for Development and Investment Co.



## 34. Loans

	31/12/2021 EGP	31/12/2020 EGP
On April 4, 2017, Sixth of October for Development and Investment Company "SODIC" signed a medium-term syndicated loan contract with group of banks represented by Arab African International Bank "facility agent" with a total amount of EGP 1 300 Million on two tranches:	1 099 021 749	1 099 021 749
<ul style="list-style-type: none"> <li>First tranche amount of EGP 243 Million to finance the total debt outstanding due to group of banks represented by Arab African International Bank.</li> <li>Second tranche amount of EGP 1 057 Million to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt.</li> </ul>		
<b>Guarantees:</b>		
<ul style="list-style-type: none"> <li>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".</li> <li>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.</li> <li>The company is obligated to conclude a mortgage procurement that allows to inquire about the possibility of registering the land and buildings constructed on the financed project in the name of the borrower and completing a first-class mortgage on the leased assets and buildings only</li> <li>Promissory note from the Company (the borrower).</li> </ul>		
<b>Grace period:</b>		
Thirty months from the date of the signature, or December 31, 2019, which is earlier, and this period shall apply to the principal of loan only.		
<b>Repayment:</b>		
Commenced on December 31, 2019, and repayable in (14) quarterly unequal installments.		
On October 13, 2021, Sixth of October for Development and Investment Company "SODIC" signed a medium-term syndicated loan contract with the Arab African International Bank "facility and guarantee agent" and Banque Misr (in its capacity as the account bank) with a total amount of EGP 1 570 million which replaces the previous syndicated loan contract on two tranches:		
<ul style="list-style-type: none"> <li>First tranche amount to finance the total debt outstanding due to group of banks represented by Arab African International Bank.</li> <li>Second tranche to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt.</li> </ul>		
<b>Guarantees:</b>		
<ul style="list-style-type: none"> <li>The company pledges to deposit all proceeds from the sale of the project.</li> <li>The company is obligated to conclude a mortgage and assignment of a right of the first degree on the account of the project in favor of the bank.</li> <li>The company is obligated to conclude a mortgage procurement that allows to inquire about the possibility of registering the land and buildings constructed on the financed project in the name of the borrower and completing a first-class mortgage on the leased assets and buildings only.</li> <li>The company is obligated to conclude an insurance policy on the construction work of the project in favor of the bank, with a coverage rate of 120%.</li> </ul>		
<b>After</b>	<b>1 099 021 749</b>	<b>1 099 021 749</b>

	31/12/2021 EGP	31/12/2020 EGP
<b>Before</b>	<b>1 099 021 749</b>	<b>1 099 021 749</b>
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 16 July 2019 the total amount of the facility has been increased up to maximum EGP 500 Million.		
<b>Guarantees:</b>		
<ul style="list-style-type: none"> <li>The Company committed to deposit all revenues from the sale of the project.</li> <li>The Company shall sign a mortgage and a first-degree right of transfer on the project in favor of the bank.</li> <li>The Company shall get insurance cover 110% the project's constructions in favor of the bank.</li> </ul>		
<b>Grace period:</b>		
Three years and six months applied on the principal of the loan only from the date of first drawdown.		
<b>Repayment:</b>		
Commences on March 2021, and repayable in (13) quarterly unequal installments.		
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 Technical investment cost of EDNC Project.	350 000 000	234 835 592
<b>Guarantees:</b>		
<ul style="list-style-type: none"> <li>The Company committed to deposit all revenues from the project.</li> <li>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</li> <li>The Company shall get insurance cover 110% the project's constructions in favor of the bank</li> </ul>		
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	751 841 533	574 136 585
<b>Guarantees:</b>		
<ul style="list-style-type: none"> <li>Mortgaging project accounts in favor of the escrow agent</li> <li>Issuing 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.</li> <li>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</li> </ul>		
<b>Availability period:</b>		
<ul style="list-style-type: none"> <li>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 sooner</li> <li>Tranche (B) starts from the date of the end of the availability period for Tranche A and ends on December 31, 2022</li> </ul>		
<b>Grace period:</b>		
Starting from the date of the first withdrawal and ending on March 31, 2023, this period applies to the principal amount of the loan only		
<b>Repayment:</b>		
Starts immediately after the end of the availability period and is paid over 18 quarterly installments ending in year 2027		



	31/12/2021 EGP	31/12/2020 EGP
<b>Total</b>	<b>2 548 863 282</b>	<b>2 255 993 926</b>
<b>Current portion</b>		
A medium-term loan from CIB- October Plaza	87 000 000	69 600 000
A medium-term loan from CIB - EDNC	39 375 000	-
A medium-term syndicated loan contract with group of banks represented by Arab African International Bank	1 099 021 749	364 051 176
<b>Total of current portion</b>	<b>1 225 396 749</b>	<b>433 651 176</b>
Total of non-current portion	1 323 466 533	1 822 342 750
	<b>2 548 863 282</b>	<b>2 255 993 926</b>

### 35. Creditors and notes payable

	31/12/2021 EGP	31/12/2020 EGP
Total par value of the checks issued to New Urban Communities Authority which are payable till September 8, 2027. (*)	1 214 002 885	-
Creditors	-	13 429 153
Unamortized interest	(165 851 885)	-
	<b>1 048 151 000</b>	<b>13 429 153</b>

(\*) On September 1, 2021, the New Urban Communities Authority approved the request submitted by one of SODIC subsidiaries to purchase the plot of land that were previously assigned to The Authority (Note 19-1-B) with an area of 123.38 acres, equivalent to 518 329 62 square meters, with a total value of 1 236 216 144 Egyptian pounds (excluding interests on installment).

On September 8, 2021, the company completed the payment of the advance payment of 10% in the amount of 123 621 614 Egyptian pounds and paid the value of administrative expenses and the Board of Trustees in the amount of 18 543 242 Egyptian pounds, the rest of the price of the land in addition to the interest on installments will be paid over five and a half years with 12 semi-annual installments starting from March 8, 2022 and ends on September 8, 2027.

- The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (44).

### 36. New Urban Communities Authority

	31/12/2021 EGP	31/12/2020 EGP
New Urban Communities Authority	10 985 619 643	13 846 865 698
Unamortized interest	(6 921 946 202)	(8 234 450 700)
	<b>4 063 673 441</b>	<b>5 612 414 998</b>
Current portion	92 417 693	262 491 314
Non-current portion	3 971 255 748	5 349 923 684
	<b>4 063 673 441</b>	<b>5 612 414 998</b>

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 11.413 billion .The co-development contract is currently being amended, the Group management has decided to recognize the financial impact of these amendments on the date of issuing the financial statements according to its best estimate in light of the information available as mentioned in detail in Note No. (19-1-D).

### 37. Land acquisition creditors

	31/12/2021 EGP	31/12/2020 EGP
Owners Union – Shahin	2 548 696 125	-
Unamortized interest	(1 253 033 603)	-
	1 295 662 522	-
Current portion	(16 527 290)	-
	1 279 135 232	-

The balance represents the present value of the deferred installments due to Owners Union – Shahin for the fixed payments of the co-development contract as mentioned in detail in Note No. (19-2)



### 38. Advances - from customers

	31/12/2021 EGP	31/12/2020 EGP
Advances – Projects in West Cairo	2 425 178 256	2 012 837 379
Advances – Projects in East Cairo (*)	3 701 928 464	4 830 773 205
Advances – Projects on the North Coast	421 079 846	180 707 842
Advances – Clubs Memberships	419 847 163	555 005 278
Advances for other group activities	39 563 998	39 919 393
	<b>7 007 597 727</b>	<b>7 619 243 097</b>

- Includes an amount of EGP 909 998 584 representing the value of financial component on installments collected from customers.

(\*) The balance of Advances – Projects in East Cairo includes an amount of EGP 1 465 100 580 which represents the net advances from customers of SODIC EAST project with a total value of EGP 1 971 667 296. The total value has been reduced by EGP 506 566 716, 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 approximately).

- Uncollected notes receivables for undelivered units, amounting to EGP 17.8 billion that are not included in the financial statements have been disclosed in note No. (48).

### 39. Contractors, suppliers and notes payable

	31/12/2021 EGP	31/12/2020 EGP
Contractors	405 421 529	410 330 403
Suppliers	36 192 885	29 143 222
Notes payable (*)	424 519 793	212 705 696
	<b>866 134 207</b>	<b>652 179 321</b>
Unamortized interest - notes payable	(201 523 294)	-
	<b>664 610 913</b>	<b>652 179 321</b>

(\*) Notes payable include EGP 305.4 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. (44).

### 40. Creditors and other credit balances

	31/12/2021 EGP	31/12/2020 EGP
Amounts collected on account for management, operation and maintenance of projects *	1 612 613 490	1 284 045 656
Due to related parties	146 909	146 909
Accrued expenses	267 551 898	166 076 811
Customers - Beverly Hills – capital contributions	14 230 429	15 838 370
Customers – credit balances	80 908 532	79 120 978
Tax Authority – other than Income tax	70 516 276	60 851 156
Dividends payable	-	240 374
Accrued compensated absence	354 507	7 284 403
Insurance Deposits collected from customers – Against modifications	5 106 950	3 950 700
Social insurance - Contractors	21 707 448	10 281 810
Unearned revenue	3 837 952	4 709 096
Retentions	121 700 820	94 342 459
Due to beneficiaries of employee share option plan	-	1 077 107
Deposits from others	72 818 711	55 249 308
Creditors – investments properties under development	-	28 801 717
Due to securitization portfolio	2 332 982	-
Sundry creditors short term	35 537 238	17 152 826
	<b>2 309 364 142</b>	<b>1 829 169 680</b>

\* Uncollected notes receivable for maintenance of undelivered units amounting to EGP 979 million, have been disclosed in note No. (48).

- The Group's exposure to currency and liquidity risks related to creditors is disclosed in note No. (44).

### 41. Provisions

#### A. Provision for completion of works

	Balance as at 1/1/2021 EGP	Formed during the year EGP	Used during the year EGP	Provisions no longer required during the year EGP	Balance as at 31/12/2021 EGP
Provision for completion of works *	321 745 328	402 306 756	(178 576 281)	(16 796 128)	528 679 675
	<b>321 745 328</b>	<b>402 306 756</b>	<b>(178 576 281)</b>	<b>(16 796 128)</b>	<b>528 679 675</b>

\* 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 1/1/2021 EGP	Formed during the year EGP	Used during the year EGP	Provisions no longer required during the year EGP	Balance as at 31/12/2021 EGP
Provision for expected claims	14 675 732	10 648 345	(121 095)	(15 700)	25 187 282
	<b>14 675 732</b>	<b>10 648 345</b>	<b>(121 095)</b>	<b>(15 700)</b>	<b>25 187 282</b>

- 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.

## 42. Non - cash transactions

For the purpose of preparing the consolidated statement of cash flows for the financial year ended December 31, 2021, the effect of the following investment transactions was excluded as they are considered non - cash transactions:

	EGP
The value of finished commercial units transferred to investment properties from work in process.	200 179 071
The non-cash transaction of recognizing contract modification of the land of the 464 acres project in Sheikh Zayed Extension.	1 921 439 600
The present value of the plot of land that were previously ceded in West Cairo, and was repurchased and recorded as work in process, the land consideration was paid by post-dated checks "Notes payable" issued to the New Urban Communities Authority.	1 239 519 052
The present value of the unpaid part of the credits owed to land acquisition creditors representing the present value of the fixed consideration part of the price of June project land plot, which is included in works in progress.	1 351 573 275
The value of the fixed assets transferred from work in process.	220 529 498
Transfer from Investment properties to completed units ready for sale	7 228 675

## 43. Fair values

### Fair values versus carrying values

Financial instruments for the group are, cash at banks and on hand, financial investments at amortized cost, 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.

## 44. 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 1 570 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' 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.

#### 44.1. Credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk as at December 31, 2021 as follows

	Note No.	31/12/2021 EGP	31/12/2020 EGP
Trade and notes receivable - non-current	(20)	1 179 140 813	794 441 952
Trade and notes receivable - current	(20)	1 346 307 596	1 220 500 756
Debtors and other debit balances - non current	(21)	14 019 778	-
Debtors and other debit balances - current	(21)	2 930 364 076	2 550 758 264
Investments at amortized cost	(23)	331 479 784	674 786 982
Cash at banks	(24)	1 579 638 169	1 531 377 722
		<b>7 380 950 216</b>	<b>6 771 865 676</b>

#### 44.2. Liquidity risk

The following are the contractual maturities of financial liabilities:

December 31, 2021	Carrying amount EGP	Less than 1 year EGP	1-2 years EGP	2-5 years EGP
Bank facilities	2 458 049	2 458 049	-	-
Short - term loans	1 225 396 749	1 225 396 749	-	-
Long - term loans	1 323 466 533	-	293 606 416	1 029 860 117
Contractors and suppliers	441 614 414	441 614 414	-	-
Notes payable	1 271 147 499	222 996 499	284 522 875	763 628 125
New Urban Communities	4 063 673 441	92 417 693	350 508 676	3 620 747 072
Land acquisition creditors	1 295 662 522	16 527 290	161 095 888	1 118 039 344
Other creditors	2 811 689 301	2 328 509 813	448 108 639	35 070 849
	<b>12 435 108 508</b>	<b>4 329 920 507</b>	<b>1 537 842 494</b>	<b>6 567 345 507</b>

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	-	-
Notes payable -short term	212 705 696	212 705 696	-	-
New Urban Communities	5 612 414 998	262 491 314	744 300 277	4 605 623 407
Other creditors	2 257 760 896	1 757 143 476	17 443 746	483 173 674
	<b>10 778 575 760</b>	<b>3 105 691 906</b>	<b>1 426 520 792</b>	<b>6 246 363 062</b>



### 44.3. Currency risk

#### Exposure to currency risk

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

December 31, 2021			
Description	USD	Euro	GBP
Cash at banks	21 563 363	158 676	16 913
Notes receivables	596 610	-	-
Creditors and other credit balances	(486 000)	-	-
<b>Surplus of foreign currencies</b>	<b>21 673 973</b>	<b>158 676</b>	<b>16 913</b>

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

The following is the average exchange rates during the year:

	Average exchange rate during the year		Spot rate at the financial statements date	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	EGP	EGP	EGP	EGP
USD	15.64	15.78	15.64	15.66
Euro	17.67	19.22	18.34	19.22
GBP	21.04	21.38	21.19	21.38

#### Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of December 31, 2021 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	16 949 047	(16 949 047)
Euro	140 190	(140 190)
GBP	17 793	(17 793)
	<b>17 107 030</b>	<b>(17 107 030)</b>

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)
	<b>15 621 340</b>	<b>(15 621 340)</b>

### 44.4. 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	
	31/12/2021 EGP	31/12/2020 EGP
<b>Financial instruments with a fixed rate</b>		
Financial assets	3 540 879 730	3 364 134 801
Financial liabilities	(965 763 480)	(212 705 696)
	<b>2 575 116 250</b>	<b>3 151 429 105</b>
<b>Financial instruments with a variable rate</b>		
Financial liabilities	(2 551 321 331)	(2 256 220 545)
	<b>(2 551 321 331)</b>	<b>(2 256 220 545)</b>

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.

## 45. 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. 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	31/12/2021 Amount of transaction EGP
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	48 040 996
Palmyra – SODIC for Real Estate Development	Loan for joint projects	7 109 642



## b) Balances resulting from transactions with related parties

Party	Item as shown in the consolidated balance sheet	31/12/2021 EGP	31/12/2020 EGP
Palmyra – SODIC for Real Estate Development *	Loans to Joint Ventures	207 632 653	200 532 011
	Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued on joint venture – related parties under debtor caption	31 191 620	31 191 620

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

## 46. Tax status

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

### Corporate tax

- Years 1996 to 2018 have been tax inspected and tax differences have been paid and settled.
- Years 2019 to 2020 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 2019 have been inspected and tax differences have been paid and settled.
- Year 2020 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
- The Company pays the withholding tax on due dates in accordance with the law.

### Stamp tax

- Tax inspection was carried out from 1996 to 2020, and tax differences have been fully paid.
- 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 year 2020 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 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.

## 47. Capital commitments

Capital commitments as of December 31, 2021 amounted EGP 186 297.

## 48. 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.	31/12/2021 EGP	31/12/2020 EGP
Postdated checks – customer advances	(38) 15 749 028 042	13 061 687 999
Postdated checks – customer cancellations	(40) 322 014 183	-
Postdated checks maintenance installment	(40) 889 726 149	722 108 038
	<b>16 960 768 374</b>	<b>13 783 796 037</b>
These checks are due		
Checks due within 12 months	(20) 3 713 599 258	3 194 857 351
Checks due after one year – long term	(20) 13 247 169 116	10 588 938 686
	<b>16 960 768 374</b>	<b>13 783 796 037</b>

## 49. Legal status

There is a dispute between the parent Company and another party regarding the contract concluded between them on February 23, 1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of 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. On November 3, 2021, the Court of Appeal again decided to refuse the appeal. Consequently, the judgment mentioned in the November 24, 2014 session in favor of the Company became final.

On January 2, 2022, the aforementioned body appealed the above-mentioned ruling and registered to No. 20964 of 91 judicial year in order to cancel the contested ruling - issued in Appeal No. 218 of 123 judicial year at the November 3, 2021 session. The Company and its legal advisor see the strength of the Company's legal position as the contract did not enter into force from the grounds that the appellant failed to implement his contractual obligations represented in not obtaining the approval of the general assembly and the competent administrative authorities in accordance with the provisions of this contract.



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

- On January 20, 2016 the extraordinary general assembly have 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 (I). 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 have 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 have 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 have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 672 194 369 1 to become EGP 488 715 396 1 by an amount of EGP 816 520 27 divided on 204 880 6 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 have 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 have 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 second and third 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).

## 51. Important events that do not require adjusting the financial statements

### COVID-19

During 2020 The WHO 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 digitalization both internally and on client interactions as we put the safety and health of our people first, while maintaining full operations.

We continue to operate at normal levels while enforcing preventative measures and monitoring the situation very closely to proactively respond to new developments.

We believe that while the ongoing outbreak presents 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.

## 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.

### 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-existing 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 31/12/2021	As at 31/12/2020
		%	%
1- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
2- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (*)	Egypt	44.46	46.75
3- SODIC Garden City for Development and Investment Co. S.A.E	Egypt	50	50
4- Al Yosr for Projects and Real Estate Development Co. - S.A.E	Egypt	99.99	99.99
5- SODIC for Development and Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
6- SODIC Polygon for Real Estate Investment Co. - S.A.E	Egypt	100	100
7- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
8- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
9- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
10- Tegara for Trading Centers Co. S.A.E	Egypt	95.24	95.24
11- Edara for Services of Cities and Resorts Co. -S.A.E	Egypt	99.97	99.97
12- Soreal for Real Estate Investment	Egypt	99.99	99.99
13- SODIC for Securitization	Egypt	99.99	99.99
14- SODIC Syria LLC (**)	Syria	100	100
15- Tabrouk Development Company (D)	Egypt	100	100
16- El Diwan for Real Estate Development Company	Egypt	100	100
17- SODIC for Clubs Company	Egypt	100	100

(\*) During the year the Group sold 1 775 468 of its shares in Beverly Hills for Management of Cities and Resorts Co. without affecting the group control of the subsidiary.

(\*\*) 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 satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -
  - a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until the date.
  - b) The Company arise or improves a customer-controlled asset when the asset is arise or improved.
  - c) The customer receives and consumes the benefits of Company performance at the same time as soon as the company has performed.

- For performance obligations, if one of the above conditions is met, revenue is recognized in the period in which the Company satisfies performance obligation.
- When the Company satisfies 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 customer exceeds the amount of the revenue recognized, resulting 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 judgements:

#### 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 has 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 judgement, 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 to December 31, 2020 according to the company's management decision and continued from January 2021.

### 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:
  - a. Is not a business combination.
  - b. 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. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method. The cost also includes other expenses incurred by the company to bring the inventory to its location and its current condition.

The net realisable value is determined on the basis of the expected selling price under normal circumstances, minus the estimated costs required to complete the sale.

### 53.9. 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, labour 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.

### 53.10. 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.

### 53.11. 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	20-May
Caravans	10-May
Vehicles and transportation	5
Furniture and fixtures	10-Apr
Beach Furniture and fixtures	5-Mar
Office and communications equipment	5
Computer software	3
Solar power stations	25
Generators, machinery and equipment	5-Feb
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

### 53.12. Projects under construction

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

### 53.13. 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 development are transferred to Investments properties caption when they are completed and ready for their intended use.

### 53.14. 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 accumulated 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.

### 53.15. 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.

### 53.16. 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 provisions 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 transaction 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 selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



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

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

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 – Subsequent measurement and gains and losses: Policy applied from January 1, 2020

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

Financial assets at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

#### 53.17. 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.

#### 53.18. 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.

#### 53.19. 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.

#### 53.20. 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.

#### 53.21. 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.



### 53.22. Borrowing costs

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

### 53.23. 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.

### 53.24. Cost of sold lands

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

### 53.25. 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.

### 53.26. Earnings / (losses) per share

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

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