



**PALM HILLS
DEVELOPMENTS**

9M2021 Earnings Release

New Sales recorded EGP12.9 billion in 9M2021, a growth of 76% YoY, surpassing sales levels achieved during full year 2020. Revenue amounted to EGP5.9 billion, an increase of 66% YoY. Net Profit After Tax & Minority Interest reached EGP635 million, a growth of 24% YoY

Cairo on November 16, 2021 - Palm Hills Developments S.A.E. ("PHD" or "the Company"), a leading real estate developer in Egypt, announces its consolidated financial and operating results for the financial period ended September 30, 2021.

Financial Highlights

- Revenue grew 66% YoY to EGP5.9 billion in 9M2021, following an increase in sales of primary and secondary homes as well as commercial units, coupled with YoY growth in the number of handed over units, complemented by contribution from Ready to Move units. Revenue for the quarter amounted to EGP1.9 billion, an increase of 22% YoY.
- Gross Profit stood at EG2.1 billion in 9M2021, an increase of 58% YoY, translating into a gross profit margin of 35%. While Gross Profit for the quarter grew 18% YoY to reach EGP670 million. EBITDA grew 63% YoY to EGP1.2 billion in 9M2021, a stable margin of 20%. While EBITDA for the quarter stood at EGP345 million. Net Profit After Tax & Minority Interest reached EGP635 million in 9M2021, a growth of 24% YoY, with a net margin of 11%. Net Profit for the quarter amounted to EGP174 million.
- Net Debt¹ stood at EGP442 million by end of 9M2021, a decrease of EGP937 million YoY. The Balance Sheet maintained its healthy position with Total Equity (unadjusted) of EGP9.2 billion and Receivables of EGP23.8 billion, covering Net Debt 54 times. Net Debt/EBITDA stood at 0.3 times.

Operational Highlights

- New Sales (Residential and Commercial) grew 76% YoY to EGP12.9 billion in 9M2021, representing 2,462 units sold, compared to EGP7.3 billion (1,040 units sold) during the same period last year. During 3Q2021, New Sales reached EGP5.1 billion, an increase of 76% YoY. Said growth was driven by the increase in demand for properties across all operating regions with strong uptake of offerings in the North Coast during the summer season, following the launch of Hacienda West mid July 2021 and ongoing sales in Palm Hills New Alamein.
- Commercial New Sales reached EGP1.3 billion during 9M2021, an increase of 39% YoY. In 3Q2021, it amounted to EGP470 million, mostly on the back of selling retail space in Palm Hills New Alamein Mall worth EGP264 million.
- The Company spent EGP1.9 billion on construction activities in 9M2021, compared to EGP984 million during the same period last year, an increase of 92% YoY.
- By end of 9M2021, the Company had Ready to Move inventory worth EGP3.4 billion, across several projects in West Cairo, East Cairo and North Coast.
- Handovers increased by 82% YoY to reach 916 units in 9M2021 against 502 units during the comparable period. In October 2021, PHD started to deliver units in Badya, almost one year ahead of contractual delivery dates.

1- Net Debt excluding Leasing.



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Yasseen Mansour, Executive Chairman comments:

I am delighted to present our interim results for the period ended September 30, 2021, another resilient quarter for the Company in terms of sales, profitable growth, projects' development and handovers.

Our operations continued to progress during the third quarter of 2021 as we had a robust summer season with strong demand for secondary homes, complemented by solid uptake of primary homes mostly in Badya, Palm Hills New Cairo, The Crown and Ready to Move units. New Sales gained 76% YoY to cross EGP5.1 billion during 3Q2021, translating into New Sales of EGP12.9 billion in 9M2021, surpassing sales level achieved during the financial year 2020. We remain confident about our sales capabilities and expect to surpass the previously announced sales target of EGP15 billion for FY2021.

During 9M2021, the number of units sold increased 137% YoY to record 2,462 units and we handed over 916 units, that is a growth of 82% YoY. We continue to surpass our handovers schedule across our projects on contractual delivery dates and remain ahead of schedule in many projects including Badya, The Crown and Palm Hills New Cairo.

Looking at Badya, the project seen notable progress in terms of sales and construction momentum during 9M2021. New Sales grew by a remarkable 755% YoY to reach EGP2.0 billion with 546 units sold, as we continue to move further on the ground in terms of construction works and execution of the first phase. In October 2021, we started to handover units in the pilot phase.

As we continue to strengthen our Balance Sheet and avail funding requirements for our projects, we inked a syndicated loan agreement worth EGP2.5 billion with Banque Misr and National Bank of Egypt to finance part of Palm Hills New Cairo's investment cost. We remain on track to conclude several financing agreements in the form of "on and off" Balance Sheet financing in the short term, including the securitization of c.EGP1.1 billion of gross receivables.

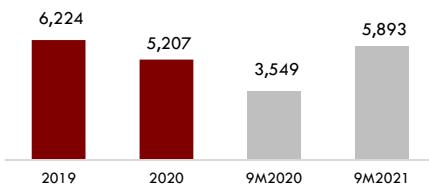
I would like to thank my fellow Board members, Management team and all our employees for their persistent efforts, teamwork and contributions. Looking ahead, we will continue our hard work to sustain PHD's leadership position and maximize shareholders' returns.



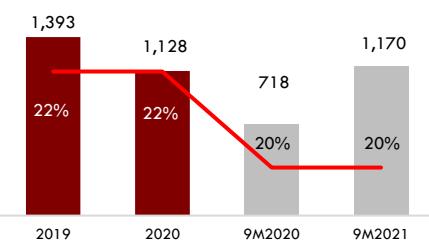
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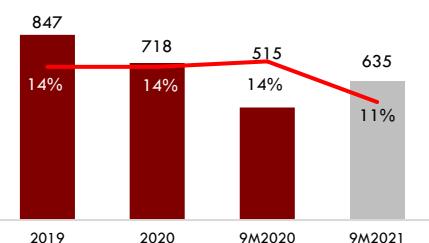
Revenue (2019-9M2021, EGP Million)



EBITDA & EBITDA Margin (2019-9M2021, EGP Million)



Net Profit after Tax & Minority Interest (2019-9M2021, EGP Million)



New Sales, All Regions¹ (2019-9M2021, EGP Million)



Financial Review

	3Q2021	3Q2020	Change	9M2021	9M2020	Change
Revenue	1,882	1,541	22%	5,893	3,549	66%
Gross Profit	670	570	18%	2,088	1,320	58%
Gross Profit margin	36%	37%	(1pp)	35%	37%	(2pp)
EBITDA	345	341	1%	1,170	718	63%
EBITDA margin	18%	22%	(4pp)	20%	20%	-
Net Profit before Tax & Minority Interest	164	237	(31%)	773	564	37%
Net Profit after Tax & Minority Interest	174	238	(27%)	635	515	24%
Net Profit margin	9%	15%	(6pp)	11%	14%	(3pp)

Revenue grew 66% YoY to EGP5.9 billion in 9M2021, following an increase in sales of primary and secondary homes as well as commercial units, coupled with YoY growth in the number of handed over units, complemented by contribution from Ready to Move units. Revenue for the quarter amounted to EGP1.9 billion, an increase of 22% YoY.

In 9M2021, Gross Profit stood at EGP2.1 billion in 9M2021, an increase of 58% YoY, translating into a gross profit margin of 35%. While Gross Profit for the quarter grew 18% YoY to reach EGP670 million. The YoY decrease in Gross Profit margin resulted mostly from the handover of lower margin units.

EBITDA grew 63% YoY to EGP1.2 billion in 9M2021, with a stable margin of 20% YoY. EBITDA for the quarter stood at EGP345 million, an increase of 1% YoY. EBITDA margin for 3Q2021 decreased by 4pp due to the YoY increase in SG&A Expenses by EGP97 million largely on the back of higher Marketing Expenses and Sales Commissions. Nevertheless, SG&A Expenses as a percentage to New Sales decreased to 7.1% in 9M2021, compared to 8.2% in 9M2020.

Depreciation & Amortization Expense increased by 84% YoY and 109% QoQ, as the Company started to book depreciation on Hacienda Bay's golf course since 4Q2020 and hence the YoY increase. Net Profit After Tax & Minority Interest reached EGP635 million in 9M2021, a growth of 24% YoY, with a net margin of 11%. Net Profit for the quarter amounted to EGP174 million.

Net Debt stood at EGP442 million by end of 9M2021, a decrease of EGP937 million from 9M2020. Receivables reached EGP23.8 billion in 9M2021, covering Net Debt 54 times. Net Debt/EBITDA stood at 0.3 times by end of 9M2021.

Operational Review

New Sales (Residential and Commercial) grew 76% YoY to record EGP12.9 billion in 9M2021, representing 2,462 units sold, compared to EGP7.3 billion (1,040 units sold) during the same period last year.

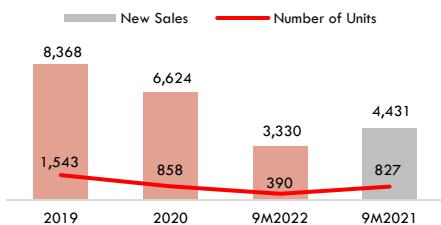
1- New Sales represent Gross New Sales which includes residential and commercial segments.



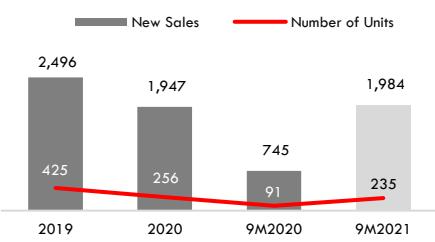
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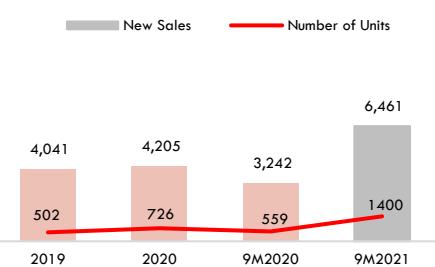
New Sales, West Cairo¹ (2019-9M2021, EGP Million)



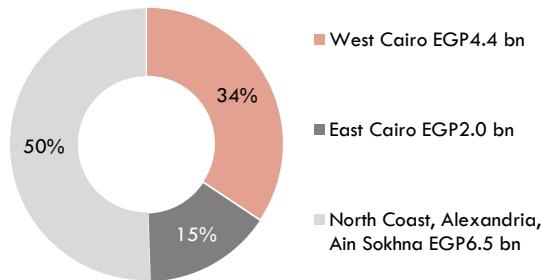
New Sales, East Cairo¹ (2019-9M2021, EGP Million)



New Sales, North Coast, Alexandria, Ain Sokhna¹ (2019-9M2021, EGP Million)



During 3Q2021, New Sales reached EGP5.1 billion, an increase of 76% YoY. Said increase was driven by steady growth in home buying transactions across all operating regions with the North Coast as the largest contributor in terms of value and number of units sold, due to a surge in demand during the summer season, following the launch of Hacienda West mid July 2021. It was complemented by growth in sales of primary homes mainly in Badya, The Crown, Palm Hills New Cairo, demand for Ready to Move units and the YoY growth in commercial sales in the North Coast, Golf Central and Hale Town in West Cairo. Commercial New Sales stood at EGP1.3 billion during 9M2021, a growth of 39% YoY. In 3Q2021, Commercial New Sales reached EGP470 million, largely due to the sale of retail space in Palm Hills Alamein Mall worth EGP264 million, translating into EGP480 million during 9M2021. The following chart illustrates percentage contribution of each operating region to New Sales (Residential & Commercial) during 9M2021:



In West Cairo, New Sales grew 33% YoY to reach EGP4.4 billion during 9M2021. Residential Sales contributed EGP3.7 billion, mostly in Badya (EGP2.0 billion), followed by The Crown, accompanied by an uptake of Ready to Move units. Commercial New Sales amounted to EGP706 million during 9M2021, generated mainly by Hale Town and Golf Central.

In East Cairo, New Sales stood at EGP2.0 billion during 9M2021, a growth of 166% YoY, led by Palm Hills New Cairo (EGP1.6 billion), complemented by demand for Ready to Move units.

In the North Coast, Ain Sokhna and Alexandria region, the Company achieved New Sales of EGP6.5 billion during 9M2021, an increase of 207% YoY, supported by demand for Palm Hills Alamein (EGP2.2 billion) and strong uptake in Hacienda West, following its successful launch mid July 2021, where the project achieved New Sales of EGP1.7 billion by end of 3Q2021.

PHD delivered 916 units (Residential & Commercial) during 9M2021, a growth of 82% YoY. The Company continues to deliver units in The Crown and Palm Hills New Cairo ahead of planned delivery schedule. Handovers for the period were mainly in the following projects: Capital Gardens, The Crown, Palm Hills New Cairo, Hacienda Bay, PK2 Extension, Woodville, Golf



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Extension, Golf Views and Palm Valley. By end of 9M2021, a total of 1,224 units were released from construction and are available for delivery within livable zone.

Construction spending increased 92% YoY to reach EGP1.9 billion during 9M2021, compared to EGP984 million during the same period last year. Spending during the period was mostly on Palm Hills New Cairo, Badya, The Crown, Hacienda White and Capital Gardens.

In Badya, the Company started to deliver units in Phase 1A to clients since the beginning of October 2021. The development of 374 units' concrete skeleton was completed, including 353 units that are currently undergoing finishing works. The development of more than 1,600 apartments (121 buildings) commenced during 3Q2021. Various designs related to Badya's District Center, Office Park and Sports Academy are in progress.

Looking at The Crown, PHD released 263 units from construction during 9M2021, including 158 units that were delivered to clients. PHD commenced earthworks of King's International School. In Palm Parks extension, the blockworks of 4 apartments clusters (out of 7) were completed.

Moving to East Cairo, the Company completed 520 units were completed in Capital Gardens, including 253 units that were handed over to their owners since beginning of 2021. In Palm Hills New Cairo, 321 units were completed, including 124 units that were delivered during 9M2021. Apartments in the first phase are nearing completion with delivery expected to commence during 4Q2021. PHD started the conceptual designs of the commercial area, sports club and international school.

Regarding the North Coast, Alexandria and Sokhna region, the Company started various earthworks in Laguna Bay Ain Sokha and Palm Hills Alexandria. In the North Coast, serviced apartments in Mazeej (Hacienda White) were finished, while those in Le Sidi (Hacienda Bay) are undergoing finishing works.



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Consolidated Income Statement ²

(Egyptian Accounting Standards)

EGP Thousand	3Q2021	3Q2020	%	9M2021	9M2020	%
Revenue	1,882,998	1,541,004	22%	5,892,607	3,549,216	66%
Cost of Revenue	(1,212,973)	(971,448)	25%	(3,804,329)	(2,229,080)	71%
Gross Profit	670,025	569,556	18%	2,088,278	1,320,136	58%
Gross Profit margin	36%	37%	(1pp)	35%	37%	(2pp)
General Administrative, Selling and Marketing Expenses	(325,157)	(228,013)	43%	(918,179)	(601,739)	53%
EBITDA	344,868	341,543	1%	1,170,099	718,397	63%
EBITDA margin	18%	22%	(4pp)	20%	20%	-
Administrative Depreciation	(47,725)	(22,880)	109%	(128,662)	(70,031)	84%
Operating Profit	297,143	318,663	(7%)	1,041,437	648,366	61%
Less:						
Finance Cost & Interests	(128,121)	(71,385)	79%	(259,252)	(176,271)	47%
Interest on Land Purchase Liabilities	(22,490)	(29,438)	(24%)	(56,120)	44,507	NA
Provisions	(60)	-	NA	(5,641)	-	
Add:						
Interest Income - Amortization of Discount on Notes Receivables	3,824	4,280	(11%)	11,472	12,841	(11%)
Gain on Investment in Fair Value through Profit or Loss	1,692	1,747	(3%)	11,649	5,906	97%
Interest Income on Held to Maturity Investments	11,831	12,884	(8%)	29,645	29,104	2%
Net Profit Before Income Tax & Minority Interest	163,818	236,750	(31%)	773,189	564,453	37%
Income Tax Expense	(5,265)	17,811	(130%)	(118,885)	(27,658)	NA
Deferred Tax	(732)	(50)	NA	(972)	(240)	306%
Net Profit After Tax	157,821	254,511	(38%)	653,332	536,555	22%
Non-Controlling Interest	16,241	(16,550)	NA	(17,841)	(22,009)	(19%)
Net Profit After Tax & Minority Interest	174,062	237,961	(27%)	635,491	514,546	24%
Net Profit After Tax & Minority Interest margin	9%	15%	(6pp)	11%	15%	(4pp)

2- The Company's consolidated financial statements for the period ended September 30, 2021, prepared in accordance with Egyptian Accounting Standards ("EAS"), can be downloaded from our Company's website: www.palmhillsdevelopments.com



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Consolidated Balance Sheet (Egyptian Accounting Standards)

EGP Thousand	September 30, 2021	December 31, 2020
Long-Term Assets		
Investments in Associates	102,656	150,482
Investment Property	171,685	174,011
Notes Receivable - Long Term	16,637,539	15,338,184
Projects Under Construction	67,725	97,871
Advance Payments for Investments Acquisitions	313,390	313,390
Fixed Assets (Net)	2,694,892	2,762,305
Deferred Tax Asset	1,290	3,049
Employee Stock Ownership Plan	74,490	53,040
Other Long - Term Assets	1,380	1,505
Right of Use Assets	14,530	-
Total Long - Term Assets	20,079,577	18,893,839
Current Assets		
Works in Process	8,735,734	7,699,912
Hold to Maturity Investments	2,038,953	1,369,132
Cash	1,222,573	1,579,250
Notes Receivable - Short Term	5,473,320	5,025,563
Investments at Fair Value	55,783	215,713
Accounts Receivable	1,738,056	1,480,151
Suppliers - Advance Payments	595,559	514,994
Debtors & Other Debit Balances	1,187,552	1,084,173
Due from Related Parties	332,022	440,619
Total Current Assets	21,379,553	19,409,509
Total Assets	41,459,130	38,303,348
Current Liabilities		
Banks - Credit Balances	107,734	90,967
Banks - Overdraft	1,350,750	1,334,506
Advances from Customers	16,376,758	15,629,029
Completion of Infrastructure Liabilities	58,063	58,063
Provisions	184,017	176,792
Current Portion of Land Purchase Liabilities	190,536	134,159
Notes Payable - Short Term	1,310,421	1,030,233
Current Portion of Term Loans	104,773	183,435
Suppliers & Contractors	1,039,703	834,287
Income Tax Payable	118,912	37,270
Creditors & Other Credit Balances	946,650	784,589
Due to Joint Arrangements Partners	1,651,831	1,179,376
Due to Related Parties	2,535	2,535
Lease Liabilities - Short Term	5,433	-
Total Current Liabilities	22,448,118	21,475,243
Working Capital	(2,068,565)	(2,065,734)
Total Investment	18,011,011	16,828,105
<i>Financed as Follows:</i>		
Shareholders' Equity		
Issued and Paid-In Capital	6,162,499	6,235,199
Legal Reserve	808,745	779,730
Special Reserve	176,513	176,513
Treasury Shares	(69,840)	(46,990)
ESOP Re-measurement Reserve	(3,510)	(24,960)
Retained Earnings	1,055,334	1,036,333
Net Profit for the Period	635,491	717,768
Equity Attributable to Equity Holders of Parent Co.	8,765,234	8,873,593
Non-Controlling Interest	441,591	583,302
Total Shareholders' Equity	9,206,824	9,456,895
Long Term Liabilities		
Land Purchase Liabilities	529,348	90,488
Notes Payable - Long Term	2,467,604	2,151,086
Other Long-Term Liabilities - Residents' Association	3,605,146	2,935,783
Lease Liabilities - Long Term	5,890	-
Loans	2,196,197	2,193,851
Total Long-Term Liabilities	8,804,187	7,371,209
Total Equity & Long-Term Liabilities	18,011,011	16,828,105



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Cash Flow Statement

(Egyptian Accounting Standards)

EGP Thousand	September 30, 2021	September 30, 2020
Net Profit for the Period (Before Income Tax & Non-Controlling Interest)	773,189	564,453
Interest on Land Purchase Liabilities	56,120	83,041
Administrative Depreciation	137,965	85,049
Provision Formed	5,641	-
Finance Costs & Interest	259,252	176,271
Share of Profit/Loss of Associates	(19,279)	5,579
Gain (loss) on Disposal of Fixed Assets	(10,842)	(64)
Interest Income - Amortization of Discount on Notes Receivables	(11,472)	(12,841)
Gains on Investments in Fair Value through Profit or Loss	(11,649)	(5,906)
Interest Rebate from Land Purchase Liabilities	-	(127,548)
Gains & losses on Held to Maturity Investments	(29,645)	(29,104)
Operating Profit Before Changes in Working Capital Items	1,149,281	738,930
Cash flow from Operating Activities		
Change in Work in Process	(525,992)	499,028
Change in Notes Receivables	(1,735,639)	20,497
Change in Investments in Fair Value through Profit or Loss	159,930	16,802
Change in Held to Maturity Investments	(669,981)	(383,340)
Change in Accounts Receivable	(257,906)	(63,904)
Change in Suppliers - Advance Payments	(80,564)	(36,702)
Change in Debtors & Other Debit Balances	(103,378)	4,049
Change in Due from Related Parties	108,597	(6,043)
Change in Advances from Customers	747,729	283,699
Change in Completion of Infrastructure	-	(37,021)
Provisions	1,584	1,817
Change in Notes Payables	540,586	(227,161)
Change in Suppliers & Contractors	205,416	85,435
Income Tax Paid	(37,242)	(93,043)
Change in Creditors & Other Credit Balances	162,061	203,004
Change in Other Long Term - Residents' Association	472,455	333,556
Change in Guaranteed Payments - Joint Arrangements	669,363	(262,734)
Change in Lease Liabilities	11,324	-
Net Cash (Used In) Operating Activities	817,783	1,076,869
Cash Flows from Investing Activities		
Payments for Purchase of Fixed Assets	(75,087)	(35,994)
Proceeds from Sale of Fixed Assets	12,837	228
Proceeds from Right of Use Assets	(14,530)	-
Payments for Associates Investment	-	(93,001)
Payments to Sister Companies	(10,367)	(12,000)
Proceeds from Investing in Sister Companies	77,471	-
Payments for Projects Under Construction	30,146	(21,751)
Payments Advance for Investments	(318)	(881)
Other Payments	125	(1,547)
Proceeds from Investments in Fair Value through Profit or Loss	11,649	5,906
Proceeds from Held to Maturity Investments	29,645	29,104
Cash Flows from Investing Activities	61,570	(129,936)
Cash Flows from Financing Activities		
Reduction in Paid-In Capital	(72,700)	-
Credit Balance	16,767	(65,503)
Banks - Overdraft	16,244	88,096
Treasury Shares	(22,849)	(46,990)
Dividends Distribution	(337,844)	-
Adjustments to Retained Earnings	(331,907)	(700,541)
Minority Interests	(159,552)	(8,794)
Deferred Tax	787	-
Proceeds from Loans	417,907	702,142
Repayment of Loans	(503,631)	(517,851)
Finance Costs & Interests	(259,252)	(176,271)
Net Cash Provided by Financing Activities	(1,236,030)	(725,712)
Net Cash Flow during the Period	(356,677)	221,221
Cash & Cash Equivalents at Beginning of the Period	1,579,250	1,375,178
Cash & Cash Equivalents as of September 30, 2021	1,222,573	1,596,399



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About Palm Hills Developments

Palm Hills Developments ("PHD"), a leading real estate developer in Egypt, is a joint stock company established in 1997. The Company builds integrated communities and has one of the most diversified land bank portfolios, spreading over 34.6 million square meters ("sqm"). PHD's product offerings include primary homes in West Cairo, East Cairo and Alexandria, as well as secondary homes in the North Coast (Mediterranean Sea) and Ain Sokhna (Red Sea).

As at end of 9M2021, PHD delivered 12,137 units within its developments. Today, PHD has several projects under development in West Cairo, East Cairo, North Coast and Alexandria, in addition to co-development projects, translating into a sales backlog of c.EGP16.4 billion. PHD is listed and traded on the Egyptian Stock Exchange under the symbol "PHDC.CA". For more information, please visit: www.palmhillsdevelopments.com/

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Disclaimer

This presentation contains statements that could be construed as forward looking. These statements appear in several places in this presentation and include statements regarding the intent, belief or current expectations of the number of units to be delivered, construction spending, projects' timelines and estimates regarding future growth of the business, financial results and other aspects of the activity and situation relating to the Company. Such forward looking statements are no guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. You are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date of this presentation, which is not intended to reflect Palm Hills Developments business or acquisition strategy or the occurrence of unanticipated events.