



PALM HILLS
DEVELOPMENTS

Investor Presentation

September 2015

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Introduction





INTRODUCTION PHD Synopsis

Key Facts ⁽¹⁾

Backlog: EGP7.5 bn
Outstanding Receivables: EGP6.6 bn

Contracted Sales: EGP15.6 bn
/ 8,801 units

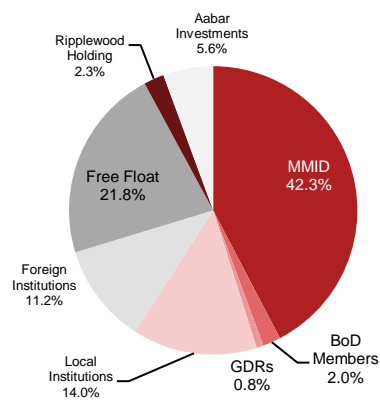
Completed 11 projects worth
EGP2.9 bn

Delivered Units: EGP4.5 bn
/ 3,365 units

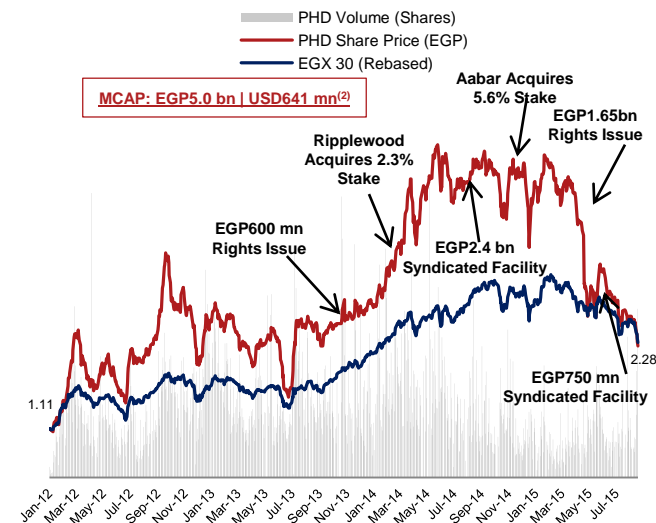
23 mn sqm Land Bank; c.337,000
allocated for commercial
development

12 projects in the
development phase

Ownership Structure⁽²⁾

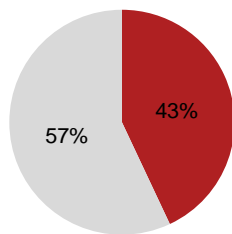


Share Performance⁽³⁾

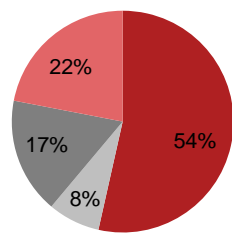


Land Bank Profile

Land Status



Geographic Distribution

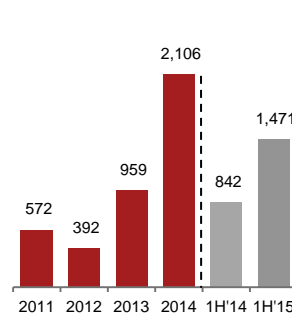


■ Developed Land ■ Undeveloped Land ⁽⁴⁾

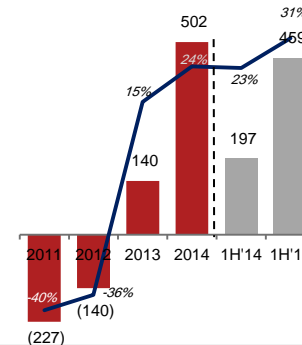
■ West Cairo ■ East Cairo
■ North Coast ■ Riyadh (KSA)

Key Financial Indicators

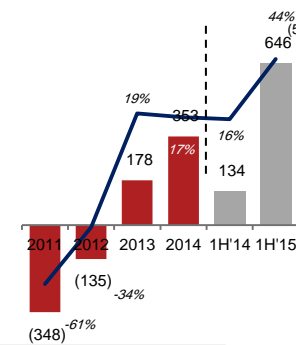
Revenue (EGP mn)



EBITDA (EGP mn)



Net Profit (EGP mn)





INTRODUCTION

Well diversified Projects' Portfolio, spreading over a land bank of 24.2 million sqm

1 Projects Under Development

West Cairo	('000 sqm)	Residential	Commercial
	Golf Views	2,049	-
Golf Extension	958		22
Palm Parks	418		57
Casa	294	-	
Woodville	289		32
Palm Valley (formerly VGO)	225		11
Subtotal Land: 4,355			

East Cairo	('000 sqm)	Residential	Commercial
	Palm Hills Katameya	907	22
The Village Gate	118		16
Village Gardens Katameya	285		13
Palm Hills Katameya Extension	252		23
Village Avenue	35	-	
KM-45 MNHD	433	-	
Subtotal Land: 2,104			

North Coast	('000 sqm)	Residential	Commercial
	Hacienda Bay	2,330	
Hacienda White 2	463		10
Subtotal Land: 2,905			

Total Land under development: 9,364K sqm

2 Raw Land Available for Development

West Cairo	('000 sqm)	Residential	Commercial
	Botanica	7,138	-
Subtotal Land : 7,138			

North Coast	('000 sqm)	Residential	Commercial
	Galala	487	-
Subtotal Land : 487			

Red Sea	('000 sqm)	Residential	Commercial
	Sahl Hasheesh	46	
Subtotal Land : 92			

Saudi Arabia	('000 sqm)	Residential	Commercial
	Riyadh	5,000	-
Subtotal Land : 5,000			

Total Raw Land: 12,717K sqm

Raw Land Strategy

- ◆ Saudi Arabia land plot: is currently held for sale.
- ◆ Botanica land plot: held with intentions for future development once plot is recognized within the city's urbanized area, driving allowable BUA from the current 7% up to 22%.
- ◆ Company sold / divested Alexandria & North Coast plots, as part of its strategy to exit unutilized land bank that are not within its future development plans.

3 Completed Projects

West Cairo	('000 sqm)	Residential	Commercial
	Phases 1-5	1,056	
Cascade, Bamboo, Golden Palm	506		15
Bamboo Extension	168		-
EC The Village	105		-
NC Hacienda White 1	199		16

Total Completed Projects: 2,148K sqm, translating into 1,414 delivered units

Post the execution of the MOUs with Egyptian Ministry of Housing, PHD's land bank will be c.68 million sqm ⁽¹⁾, the largest in Egypt

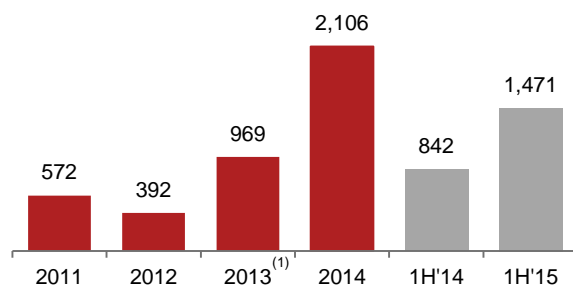




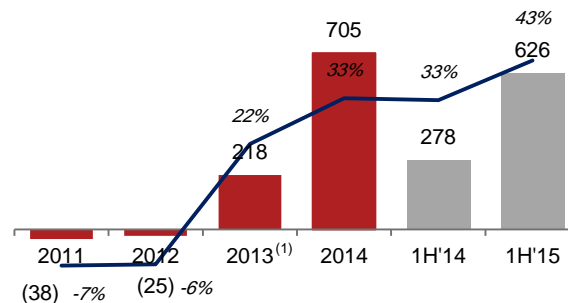
INTRODUCTION

Improving liquidity, enhancing operations and boosting profitability, with FY2015 expected to be a record year on all fronts

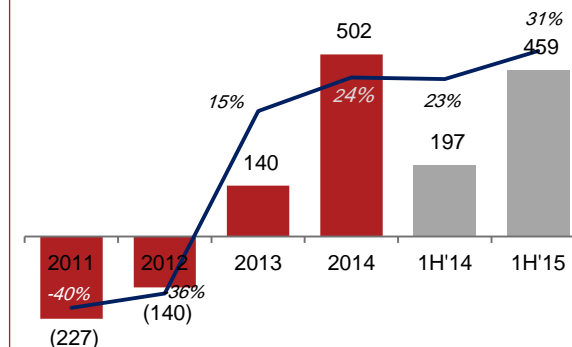
Revenue (EGP MN)



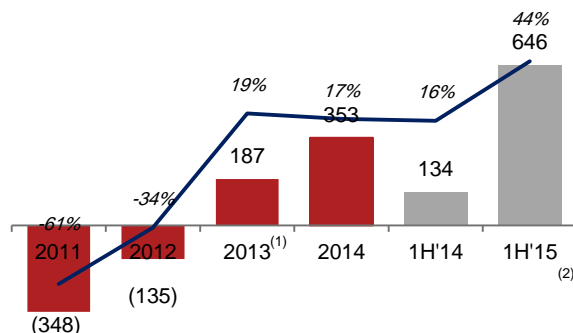
Gross Profit (EGP MN)



EBITDA (EGP MN)



Net Income after Minority (EGP MN)



1H2015 Financial Highlights

- ◆ Revenue grew 75% YoY, driven by stronger pace of construction YTD, and recognized revenue from standalone units.
- ◆ Gross Profit increased 125% YoY, supported by the faster increase in average selling price per square meter in comparison to change in construction cost.
- ◆ EBITDA remarkably increased 132% YoY, with an EBITDA margin of 31%.
- ◆ Net Profit after Minority Interest recorded 381% YoY growth, which is an all time high bottom line, in comparison to the historical record achieved in 2010 of EGP545 million.

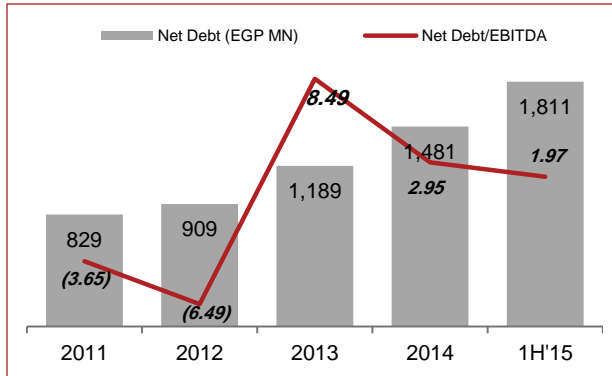




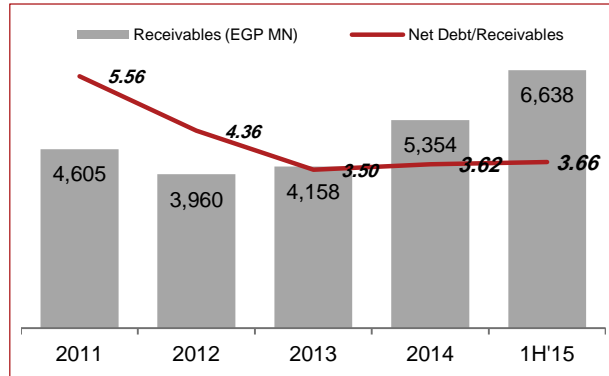
INTRODUCTION

Balance Sheet is now in its strongest position ever

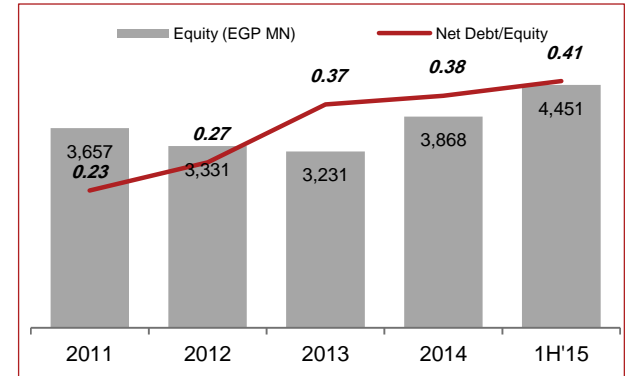
Net Debt/EBITDA



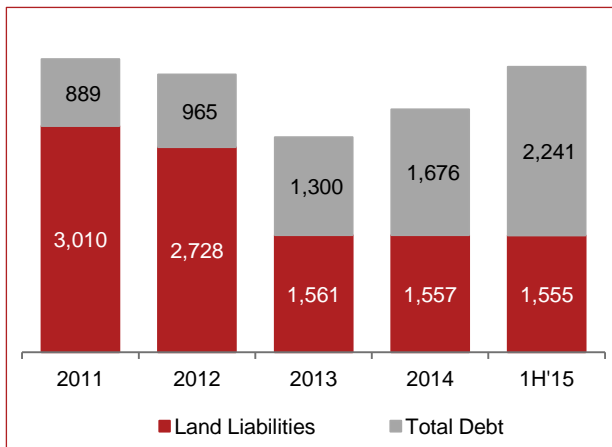
Net Debt/Receivables



Net Debt/Equity



Land Liabilities and Total Debt (EGP MN)



2015 Rights Issue

- ◆ PHD successfully completed the EGP1.65 billion Rights Issue of 824 million new ordinary shares, a strong evidence of the sustained trust and commitment from the Company's shareholders and strong interest from new investors, with new shareholders coming onboard from the US, UK and UAE.
- ◆ Post closing, PHD's Share Capital increased from EGP2.7 billion to EGP4.3 billion, distributed over 2.2 billion shares. On July 27, 2015, trading of the new ordinary shares commenced on the EGX and LSE.

Commentary on liquidity

- ◆ Net Debt stood at EGP1.8 billion, a Net Debt/EBITDA of 1.97x, down from 2.95x by year end 2014, supported by EBITDA growth as well as improvements in our cash position.
- ◆ Receivables grew to EGP6.6 billion; as opposed to EGP5.3 billion by end of 2014, supported by strong sales achieved year to date, with a receivables coverage ratio of net debt of more than three folds.
- ◆ Proceeds of the rights issue will be reflected in the third quarter financial statements.
- ◆ Our strong balance sheet will assist us in the expansion plans we are aiming to achieve in the next twelve month.

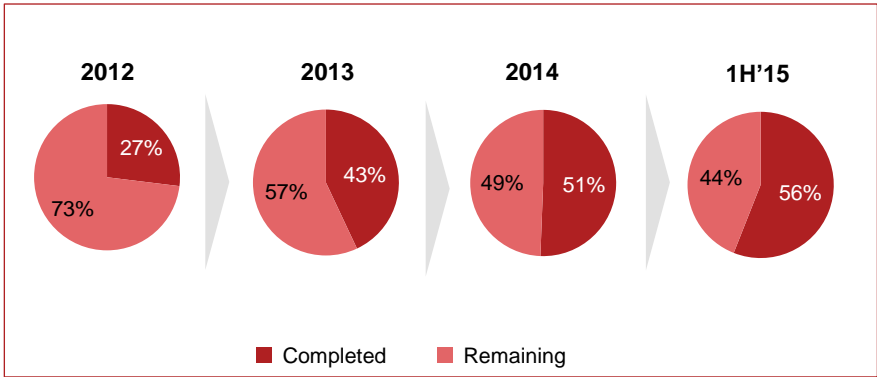




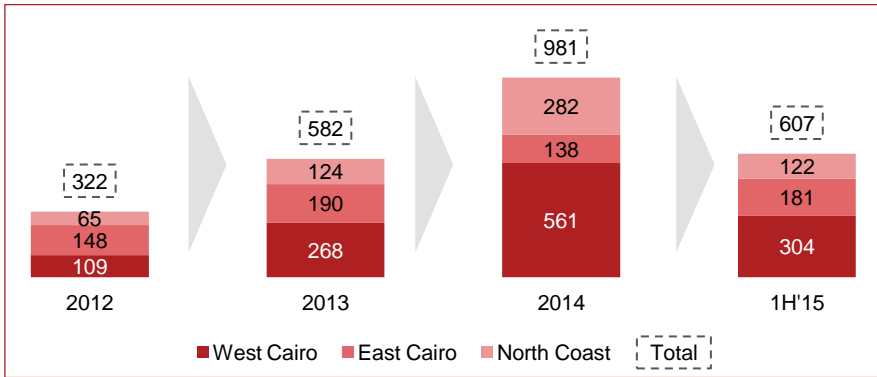
INTRODUCTION

Steady focus on Construction Spending, reaching c.EGP1 bn in 1H2015, and expected to record EGP2 bn by year end

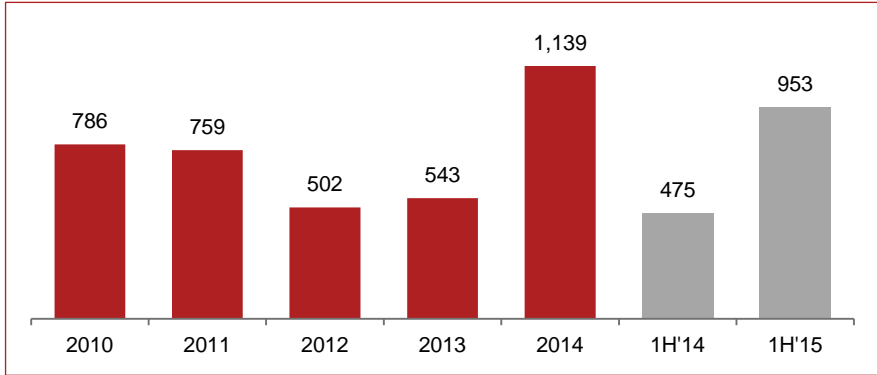
Construction Progress (Percentage Completed)



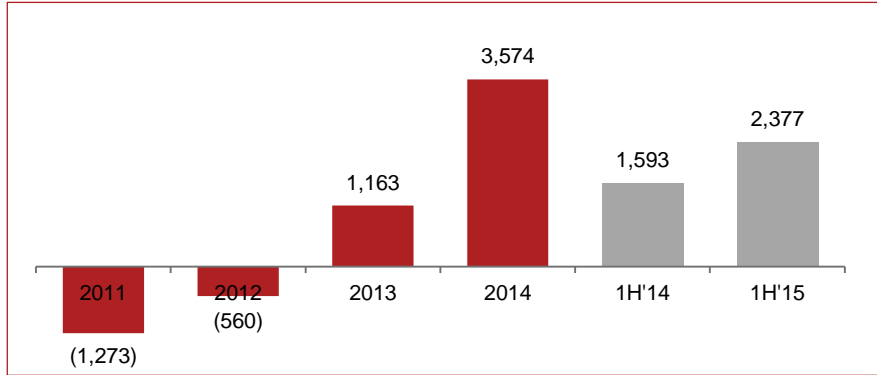
Unit Deliveries



Construction Spending (EGP MN)



Net Sales "Reservations" (EGP MN)



Building on Success





BUILDING ON SUCCESS

Clear 4-Pillar Growth Strategy

1 Growth

#	Target Land Parcels					
	1	2	3	4	5	6
Location	6 th Oct.	New Cairo	East Cairo	New Cairo	N. Coast	N. Coast
Area (Feddan¹)	10,000	500	103	44	30	120 to 500
BM	Co-dev.	Co-dev.	Co-dev.	Indep.	Indep.	Co-dev.
Land Use	New	New	New	Extension	Extension	New
Status	MOU signed with MOH ⁽²⁾	MOU signed with MOH ⁽²⁾	Contract Signed	Final Stage	Contract Signed	Negotiating
Year	2016	2016	2015	2015	2015	2016

- ✓ Larger Land Parcels
- ✓ Co-development Opportunities
- ✓ Expansion into new market segments
- ✓ Integrated Communities

- ◆ Launch 6 Projects in the retail, office and leisure sector across East & West Cairo.
- ◆ Searching for land parcels in North Coast, with sizes ranging between 120 to 500 Feddans through direct acquisitions or co-development/revenue sharing.

2 Earnings' Stabilization & Diversification

- ◆ PHD has set-up Palm Hills Investments in 2015 to focus on its commercial real estate strategy by deploying existing raw land and pipeline projects
- ◆ To offset residential real estate earnings volatility, PHD is seeking agreements with tenants in its commercial developments with the following characteristics:
 - ◆ Inflation adjusted rent
 - ◆ USD price pegging
- ◆ PHD is aiming to have the commercial sector contribute 25% of net profits by 2020 and will enjoy significant capital appreciation through development of raw land
- ◆ PHD has allocated c. 337,000 sqm of its undeveloped land bank as a starting point for the commercial projects
- ◆ The Company is targeting developments in the following segments:

- Shopping Centers
- Office Buildings
- Leisure Facilities
- Health & Education
- Selective Business & Destination Hotels

3 Improving Profitability

- ◆ **Revenue Sharing:** Focus on co-developments for future projects minimizes initial cash outlay and risk due to the absence of a land payment schedule, thus improving IRR significantly
- ◆ **Price Increments:** PHD is steadily increasing selling prices to match the market's demand for superior products, supported by strong marketing and awareness campaigns, where weighted average selling prices increased 15% YoY by end of 1H2015
- ◆ **Divestment from Non-Core Land Plots:** PHD is exiting untapped real estate investments and unutilized land plots that are not within its future development plans, while increasing land bank and enhancing cash flows in existing projects

4 Expediting Project Delivery

- ◆ The Company is continuing its accelerated construction program to speed up delivery which commenced in 2014 and aims to complete all existing projects by 2017

	2013	2014	2015E
Construction Spending	EGP464 mn	EGP1.1 bn	EGP2.0 bn
Unit Deliveries			
East Cairo	584	981	1,500
West Cairo	190	138	420
North Coast	270	561	685
	124	282	395

Building on Success

1- GROWTH





PHD successfully raised EGP 1.65 billion via a capital increase, with 85% of proceeds targeted towards growth

Strategy Transition to Co-Development of Integrated Communities with Residential & Commercial Offerings

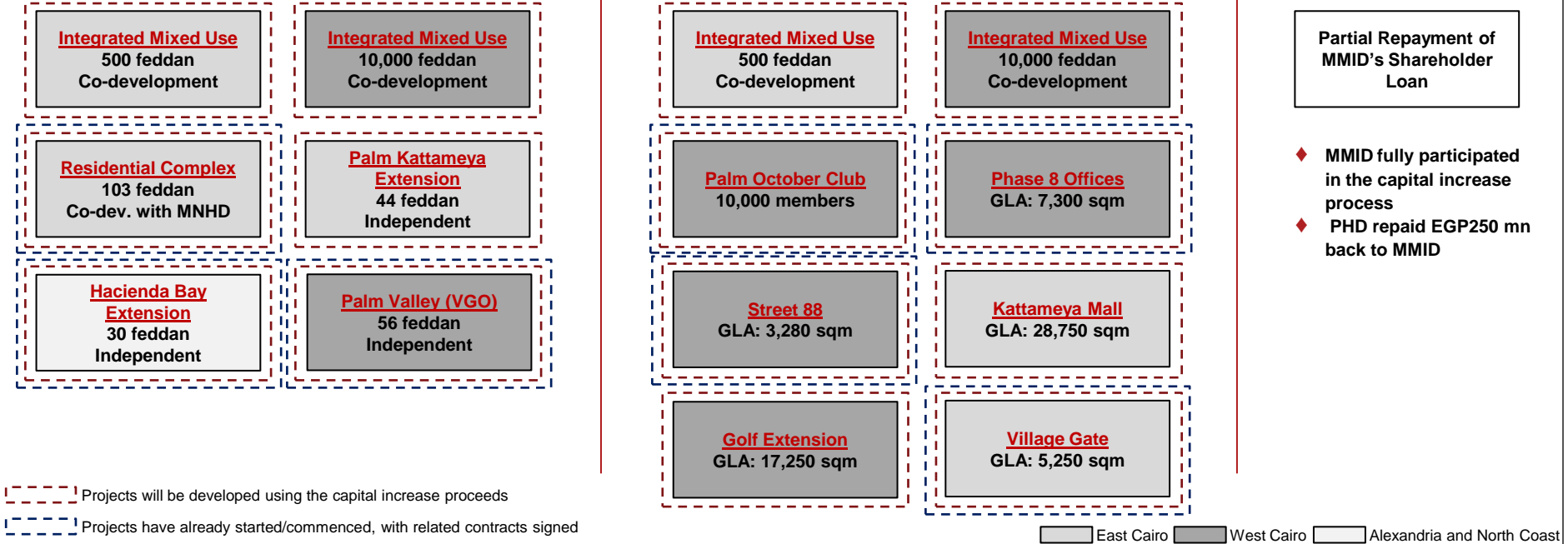
- ◆ PHD's development approach during the next growth phase is focused on the co-development of large integrated communities which provide project specific advantages including:
 - ✓ Lower initial cash outlay
 - ✓ Higher IRRs
 - ✓ Shared project risk
 - ✓ Ability to leverage partner's complementary strengths

Allocation of Proceeds

Residential – EGP1,100 million

Commercial – EGP300 million

Loan – EGP250 million





BUILDING ON SUCCESS – GROWTH

Co-Development Project with MNHD signed, with sales launch planned for 4Q2015

Project Overview

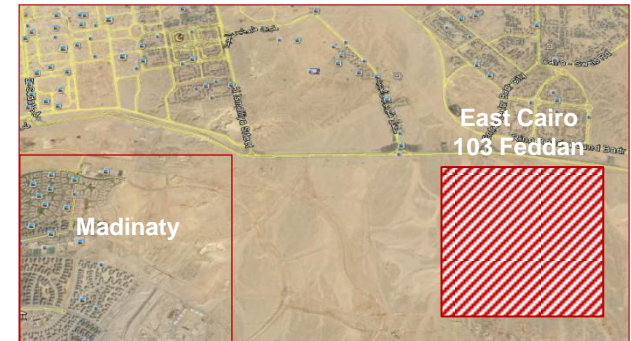
- ◆ PHD signed an agreement with Medinet Nasr Housing & Development (MNHD) for the co-development of a 103 feddan land plot in East Cairo into an integrated mixed used project.
- ◆ The revenue sharing scheme entitles PHD to 64% of revenues.
- ◆ PHD shall be responsible for all construction and development related costs while the partner's contribution shall be the land and the accompanying infrastructure



Contract Signed



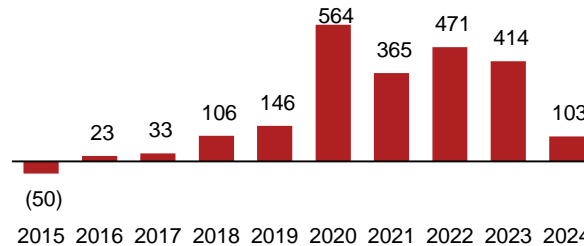
Project Location



Project Key Facts

Land Area	433,650 sqm
Total Built Up Area	464,528 sqm
Total No. of Units	2,443
Type of Units	Apartments
Value of Units	EGP5,653 mn
Project Launch Date	4Q2015

Projected Cash Flow Schedule | EGP MN



PHD Returns

PHD RevenueShare	64%
EBITDA	EGP2,174
WACC	16%
Funding Required	EGP50 mn
NPV	EGP881 mn
IRR	120%

Merits

- ✓ Directly located on the Cairo – Suez highway
- ✓ Master Plan already approved by NUCA
- ✓ Proximity to new administrative capital
- ✓ Near Madinaty, Shorouk, Badr & Mostaqbal cities
- ✓ Opens a new market segment for PHD to capitalize on





BUILDING ON SUCCESS – GROWTH

Internally Funded Residential Projects

Enhancing Existing Projects

Description

Hacienda Bay Extension

- Capitalizing on the success of its Hacienda Bay project in the North Coast, the Company acquired an adjacent 30 feddan (126,000 sqm) seafront land plot for the construction of villas and cabins by swapping the Alexandria land.
- The extension of Hacienda Bay's shoreline will enable PHD to realize an additional EGP210 mn in revenues

Location



Advantages

- Extending the shoreline from 450m to 800m
- Sharing existing amenities, including the 18 hole golf course
- Benefitting from the successful story of the nearby Hacienda Bay project thus simplifying the selling process
- Ability to increase selling prices in Hacienda Bay project

Key Facts

Land Area ⁽¹⁾	172,541 sqm
Total BUA	32,067 sqm
Total No. of Units	207
Type of Units	Villas and Cabanas
Value of Units	EGP1,068 mn
Launch Date	3Q2015
Funding Gap	EGP20 mn
EBITDA	EGP537 mn
NPV	EGP319 mn
IRR	373%

Palm Valley (Formerly VGO)

- Located directly on 26 July highway, and at the door steps of PHD's flag ship project Palm Hills October, with a total land area of 56 feddan, offering an unparalleled location for Palm Hills top-tier clientele.
- The project will offer 238 standalone villas, twin and town houses, alongside a premium commercial hub to serve its residents and surrounding communities.



- A natural favorable extension to Palm Hills October premium community
- Sharing existing amenities, including Palm Club October and Jack Nicklaus "The Bear" 27 hole golf course
- Directly located on 26 July highway, offering unparalleled location

Land Area	236,376 sqm
Total BUA	82,394 sqm
Total No. of Units	238
Type of Units	Town, Twin & Villas
Value of Units	EGP1,144 mn
Launch Date	4Q2015
Funding Gap	EGP73 mn
EBITDA	EGP497 mn
NPV	EGP210 mn
IRR	76%

PK2 Triangle

- PHD is currently finalizing negotiations with NUCA for the acquisition of a 36 feddan (151,635 sqm) land plot for the construction of townhouses and villas and enhance the existing project's accessibility
- The commercial plot will increase to 51,000 sqm allowing the capture of a growing catchment area



- Benefit from the commercial success of Palm Hills Katameya & Katameya Extension due to its proximity
- Easily accessible strategic location
- Infrastructure is available near the plot's borders

Land Area	151,635 sqm
Total BUA	54,166 sqm
Total No. of Units	156
Type of Units	Townhouses & villas
Value of Units	EGP 965 mn
Launch Date	4Q2015
Funding Gap	EGP 46 mn
EBITDA	EGP309 mn
NPV	EGP 149 mn
IRR	95%



BUILDING ON SUCCESS – GROWTH

Internally Funded Residential Projects (Cont'd)

Potential New Projects in North Coast

112 Feddan

Description

- ◆ An attractive land plot of 112 feddan in Ras El Hekma, with 446 meter of beachfront. The plot is 66 km west of Hacienda White 1 & 75 km away from Marassi.
- ◆ PHD plans to acquire this plot, with 10% down-payment, and the balance to be paid over equal quarterly installments over a four years period.

Location



Advantages

- ✓ Attractive beachfront of 446 meter
- ✓ In proximity to Caesar project, which was recently acquired by SODIC
- ✓ Land dimensions approximately (446 m X 1,054 m)
- ✓ Exceptional IRR, with meager funding requirements

Key Facts

Land Area	470,400 sqm
Total BUA	96,642 sqm
Total No. of Units	407
Type of Units	Villas, Chalets, & Cabanas
Value of Units	EGP1,949 mn
Launch Date	2016
Funding Gap	EGP133 mn
EBITDA	EGP503 mn
NPV	EGP162 mn
IRR	44%

500 Feddan

- ◆ Co-development 500 feddan land plot in Ras El Hekma, with 1600 meter beachfront. The plot is 65 km west of Hacienda White 1 & 72 km away from Marassi.
- ◆ The revenue sharing scheme entitles PHD to 75% of revenue; while PHD shall be responsible for all construction and development related costs.



- ✓ A remarkable beachfront spanning over 1600 meter
- ✓ Directly adjacent to Caesar project (SODIC's Project)
- ✓ Land dimensions approximately (1,600 m X 1,312 m)
- ✓ Plot contains an under-development hotel and marina
- ✓ Exceptional IRR, with minimal funding requirements

Land Area	2,100,000 sqm
Total BUA	614,997 sqm
Total No. of Units	2,468
Type of Units	Villas, Chalets, & Cabanas
Value of Units	EGP9,456 mn
Launch Date	2016
Funding Gap	EGP50 mn
EBITDA	EGP1,409 mn
NPV	EGP723 mn
IRR	164%



BUILDING ON SUCCESS - GROWTH

Co-Development of the 500 Feddan Project

Project Overview



- ◆ PHD signed an MOU, which grants PHD the exclusive right to finalize the agreement with the Ministry of Housing for the co-development of an integrated project atop a 500 feddan land plot in East Cairo
- ◆ The project is an integrated community with a complete residential complex spanning apartment buildings and villas complemented with a commercial center and educational and leisure facilities
- ◆ PHD will be responsible for the development of the project, while the government's contribution will be the land plot

Agreement Framework



Key Terms

Exclusivity

- ◆ PHD has the exclusive right to finalize the negotiation of the agreement

Commercial Terms

- ◆ **Down payment:** EGP50 mn upon signing
- ◆ **Government's Contribution:** In-kind contribution of land
- ◆ **Development:** PHD will be responsible for the development and management of the project
- ◆ **Revenue Sharing:** 72% of revenue in addition to an in-kind payment of BUA of 150K sqm
- ◆ **Minimum guarantee:** EGP10 bn payable over 13 years to the government, translating an NPV of EGP2,119/sqm of land

Key Sales Assumptions

- ◆ Sales to occur over a 9 year period
- ◆ Customer payments over a 4 – 6 year period

Project Timeline

March 2015: Sign MOU

1Q2016: Develop Detailed Master Plan & Obtain Regulatory Approvals

4Q2015: Sign Definitive Agreement

1Q2016: Project Launch

2Q2016: Commence Construction

Merits

- ✓ Replenishing land bank in East Cairo
- ✓ New market segments' penetration
- ✓ Low investment cost due to co-development nature

- ✓ Ability to increase prices with launch of new phases
- ✓ Low project risk due to the absence of fixed land payments
- ✓ Large land which improves design efficiency



Detailed Project Components

Apartment Building



BUA (sqm)	1,268,564
No. of Units	8,457

Attached Villas



BUA (sqm)	155,070
No. of Units	562

Townhouse



BUA (sqm)	236,297
No. of Units	1,050

Villas



BUA (sqm)	155,070
No. of Units	394

Residential

PHD Returns

PHD Revenue Share ⁽¹⁾	72% of revenues
Funding Required	EGP128 mn
EBITDA	EGP14,251 mn
NPV @ 16%	EGP 4,057 mn
IRR	121%

Project Schedule

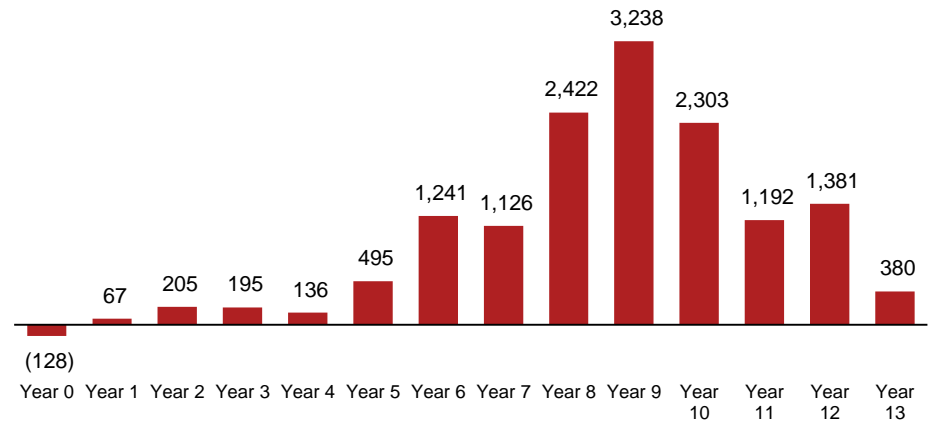
Construction Schedule

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
5%	10%	15%	15%	12%	15%	7%	8%	7%	6%

Sales Schedule

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
13%	13%	13%	12%	9%	10%	10%	10%	10%

Projected Cash Flow Schedule | EGP MN





Project Overview



Ministry of Housing, Utilities and Urban Development



aabar

- ◆ PHD and Aabar Investments jointly signed an MOU with the Ministry of Housing for the development of a comprehensive community on the edge of 6th of October City spanning 10,000 feddan (42 mn sqm) during Egypt's Economic Development Conference
- ◆ The project is an all-inclusive community with a complete residential complex spanning apartment buildings and villas complemented with a full range of commercial services, educational and leisure facilities along with hospitality amenities
- ◆ PHD, in collaboration with Aabar, will be responsible for the development of the project, while the government's contribution will be the land plot
- ◆ Aabar will match PHD's equity contribution on a 1-to-1 basis and will provide debt financing equal to the project's equity
- ◆ PHD is planning to develop 3,000 feddan of the land plot and in its capacity as Master Developer will allow other developers to develop the remaining land

PHD's Role as Master Developer

- ◆ **As Master Developer, PHD possesses certain rights including:**
 - ◆ **Development of the Master Plan**
 - ◆ **The ability to sell land parcels to other developers**
 - ◆ **Return land to the government if the development schedule is not satisfied**

Key Terms

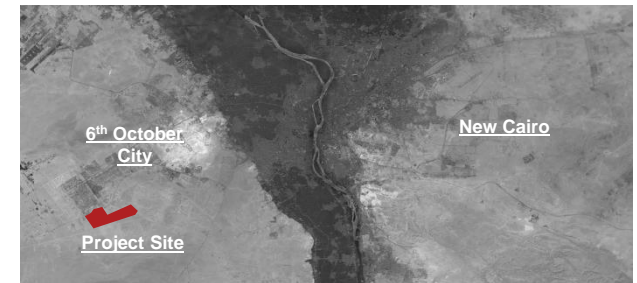
Exclusivity

- ◆ PHD has the exclusive right to finalize the negotiation of the agreement

Commercial Terms

- ◆ **Government's Contribution:** In-kind contribution of land
- ◆ **Development:** PHD is responsible for the development and management of the project and will act as the Master Developer
- ◆ **Revenue Sharing:** Currently negotiating a revenue split of 76% to PHD

Project Location



Merits

- ✓ Lower initial cash outlays
- ✓ Target new market segments
- ✓ Expand Land Bank
- ✓ Develop Large Integrated communities
- ✓ Expected home to c.300,000 inhabitants
- ✓ Creation of c.140,000 jobs
- ✓ Act as master developer



BUILDING ON SUCCESS - GROWTH

Co-Development of the 10,000 Feddan Integrated Mixed Use Community (Cont'd)

PHD Appointed a World Class Consortium of Advisors to design the Master Plan

1

Financial Advisor



Overview

- ◆ Provides assurance, auditing, technology and security risk, enterprise risk management, transaction support, merger and acquisition, actuarial, and real estate advisory services

Scope

- ◆ Market analysis assessing the supply / demand dynamics
- ◆ Demographic analysis
- ◆ Business planning, feasibility studies and financial modeling

Track Record

- ◆ Economic advisory on the strategic urban development plan for Alexandria's 2030 plan in cooperation with the UN
- ◆ Economic advisory on the development of 3 harbors across France
- ◆ Market analysis on the development of a project spanning 10,000 hectares in Oman

2

Engineering Consultant



- ◆ More than 60 years of consulting and engineering for industrial clients, private investors, and public institutions

- ◆ Will act as the lead engineering consultant
- ◆ Infrastructure planning and design
- ◆ Internal traffic planning

- ◆ Frankfurt Int'l Airport
- ◆ Medina Airport, Saudi Arabia
- ◆ Iraq-Jordan Railway Link

3

Planning and Building Consultant



- ◆ Over 50 years of in-ter-na-tion-al plan-ning and build-ing expe-ri-ence in ar-chi-tec-ture, urban and trans-port plan-ning and land-scape archi-tec-ture

- ◆ Master Planning
- ◆ Project phasing Strategy

- ◆ Master Plan for Alexandria's 2030 urban development plan, Egypt
- ◆ Eastern Province Residential Development, Saudi Arabia
- ◆ Master Plan 'North Bund', Shanghai, China
- ◆ Conceptual & detailed master planning for 6th October City, Egypt spanning 100,000 km²
- ◆ Olympic Park feasibility study in Greater Cairo, Egypt

Project Timeline

1Q2015: Appoint Consulting Consortium



3Q2016: Develop Phase 1 Detailed Master Plan & Obtain Regulatory Approvals



1Q2016: Sign Definitive Agreement

4Q2016: Project Launch



Building on Success

2- EARNINGS STABILIZATION & DIVERSIFICATION





BUILDING ON SUCCESS - EARNINGS' STABILIZATION & DIVERSIFICATION
Strong plans to grow the Commercial Sector

Commercial Segment Overview

- ◆ PHD has set up Palm Hills Investments (PHI) to focus on developing its commercial strategy as it embarks on a commercial strategy whose primary goal is minimizing the fluctuations inherent in real estate earnings and has set its target contribution to profit of 25% by 2020
- ◆ In that regard, PHD established Palm Hills Investments with a mandate of investing, directly & indirectly in a portfolio of income producing real estate maintaining a minimum of 51% ownership
- ◆ PHD is planning on adopting a Build-to-Sell model (BTS) for plots that are relatively small, with minor revenue contribution to the portfolio and will outsource its development to a third party where PHI manages the design, sale, and facility management, whereas larger plots will be managed by PHD under the Build-to-Hold (BTH) model
- ◆ PHD has established a joint venture with one of the regional operators with the aim of managing its residential and commercial assets

Target Segments

Retail	Offices	Leisure	Health & Education
<ul style="list-style-type: none"> ◆ PHD plans to develop 2 types of malls : <ul style="list-style-type: none"> ◆ Community Malls: GLA < 10,000 sqm ◆ Neighborhood Malls: GLA 10,000 – 50,000 sqm 	<ul style="list-style-type: none"> ◆ Grade A plug-and-play office spaces for large Egyptian corporations and multinationals ◆ Office space for SMEs 	<ul style="list-style-type: none"> ◆ Restructuring October Palm Hills Club which stretches over 290 feddan including sports, social, and 27-holes grade A golf course to accommodate 10,000 users ◆ PHD also plans to replicate its leisure club model in its integrated communities and especially within large pipeline residential projects. 	<ul style="list-style-type: none"> ◆ To partner with top school operators to create destination within new residential projects while driving stable USD pegged returns ◆ To partner with polyclinics & hospital operators within the mega development in the pipeline.





BUILDING ON SUCCESS - EARNINGS' STABILIZATION & DIVERSIFICATION

Retail projects details

Neighborhood Malls

Kattameya Mall

- ◆ A fully integrated commercial facility located in-between Palm Kattameya & Palm Kattameya Extension, a catchment area expecting to house c. 2,000 families in PHD's surrounding projects
- ◆ The mall is also in the vicinity of the American University in Cairo



Community Malls

Village Gate

- ◆ A commercial mall is planned in Village Gate in East Cairo, to be located within walking distance of the American University in Cairo
- ◆ The project will serve a diversified clientele with mixed-use retail stores and offices



Street 88

- ◆ Street 88 will be a c.5,400 GLA community mall serving the Palm Hills October Developments that will house basic community amenities including a polyclinic center
- ◆ The mall is expected to serve a population of c.12,000



Description

Location

Advantages

Key Facts

- ✓ Premium locations
- ✓ Stable and attractive yield with organic growth potential
- ✓ Partnering with top-tier tenants to ensure continuity and limit downside risk
- ✓ Diversification and real estate risk hedging

- ✓ Inflation adjusted rent, revenue sharing and USD price pegging, whenever possible
- ✓ Fulfill PHD's vision of developing communities as "destinations"
- ✓ Enhance the value of the residential units within the community
- ✓ Significant potential for capital appreciation

Land Area	51,000 sqm
BUA	35,938 sqm
Indoor GLA	28,750 sqm
Outdoor GLA	30,464 sqm
Completion Date	2019
Funding Gap ⁽¹⁾	EGP189 mn
NPV	EGP685 mn
Target IRR	34%

Land Area	15,000 sqm
BUA	7,500 sqm
Indoor GLA	7,500 sqm
Outdoor GLA	5,250 sqm
Completion Date	2018
Funding Gap ⁽¹⁾	EGP41 mn
NPV	EGP96 mn
Target IRR	40%

Land Area	7,997 sqm
BUA	4,100 sqm
Indoor GLA	3,280 sqm
Outdoor GLA	2,140
Completion Date	2016
Funding Gap ⁽¹⁾	EGP19 mn
NPV	EGP38 mn
Target IRR	39%

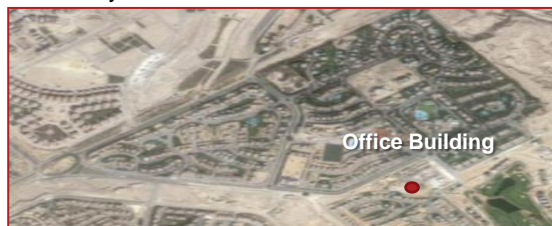


Office space and leisure facilities details

Office Buildings

Phase 8 Office Building

- ◆ An office building is planned in Phase 8 of PHD's Sixth of October community, in the heart of Palm October
- ◆ The project will comprise of satellite offices to cater to the Palm October community



- ✓ Provide recurring income
- ✓ Inflation adjusted rental rates
- ✓ USD quoted rental income to hedge against currency devaluation

Land Area	12,031 sqm
BUA	7,500 sqm
Indoor GLA	7,500 sqm
Completion Date	2017
Funding Gap ⁽¹⁾	EGP43 mn
NPV	EGP174 mn
Target IRR	60%

Leisure

Palm October Club

- ◆ PHD is looking to expand its Palm October Club memberships from the current 2,000 members to reach 10,000 members, with the aim of unlocking a potential revenue pool of c. EGP960 mn by 2020



- ✓ Leverage on existing facilities that have a proven successful track record
- ✓ Increase the value of PHD's West Cairo community
- ✓ High returns due to the relatively low investment cost

Land Area	110,000 sqm
Target Members	10,000
Completion Date	2015
Funding Gap ⁽¹⁾	EGP15 mn
NPV	EGP696 mn
Target IRR	585%

Description

Location

Advantages

Key Facts

Building on Success

3- IMPROVING PROFITABILITY





BUILDING ON SUCCESS - IMPROVING PROFITABILITY

Enhancing and creating further shareholder value

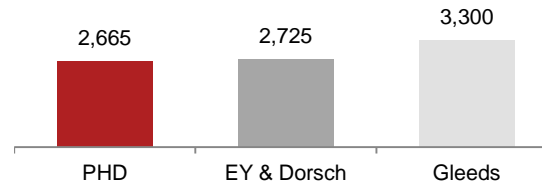
Revenue Sharing

- ◆ **Merits:**
 - ✓ Lower initial cash outlays
 - ✓ Target new market segments
 - ✓ Expand Land Bank
 - ✓ Develop large integrated communities
- ◆ Targeted IRRs are significantly higher than the conventional land-purchase model:
 - ✓ MNHD Co-Development IRR: 120%
 - ✓ 500 Feddans IRR: 121%

Cost Management

- ◆ PHD adapts adequate construction cost per sqm of BUA, in comparison to the market.

Residential Core & Shell Cost (EGP/sqm)

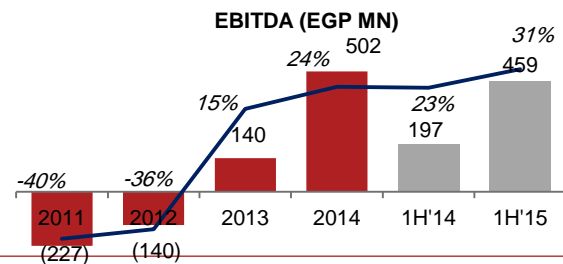


Divestment of Non-Core Land Bank

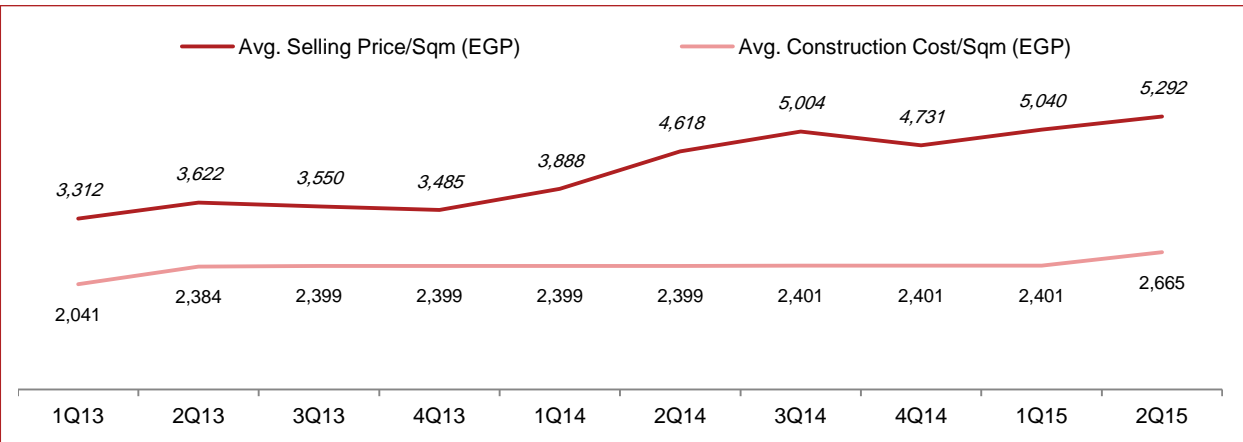
- ◆ PHD is exiting untapped real estate investments and unutilized land plots that are not within its future development plans, while increasing land bank and enhancing cash flows in existing projects.
- ◆ During 2Q2015, PHD realized a one-off capital gain on sale of land by EGP426 mn

Value Creation

- ◆ **Pricing:** PHD is steadily increasing selling prices to match the market's demand for superior products, supported by strong marketing and awareness campaigns, were weighted average selling prices increased 15% YoY by end of 1H2015.



Change in Selling Prices vs. Construction Costs (EGP/sqm)



Building on Success

4- EXPEDITING PROJECT DELIVERY

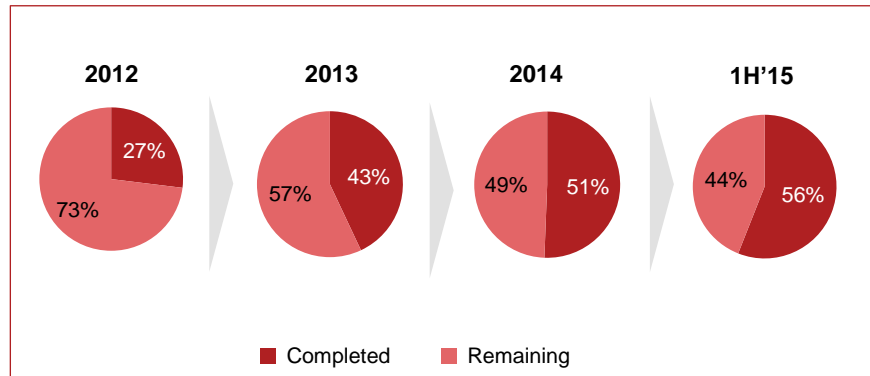




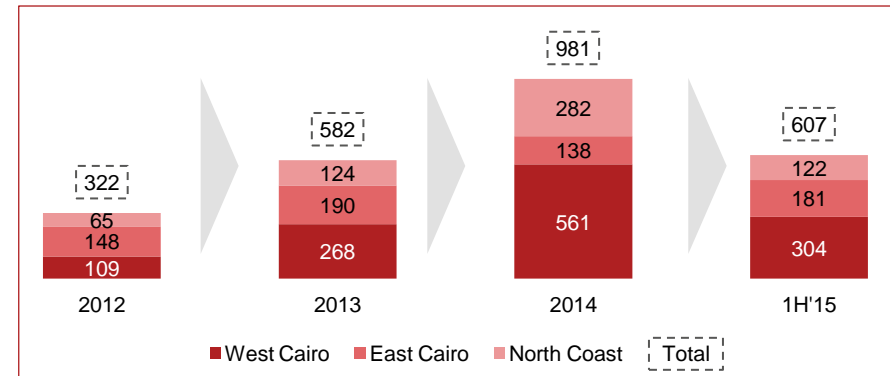
BUILDING ON SUCCESS - EXPEDITING PROJECT DELIVERY

Implementing an accelerated Construction Program to speed-up Unit Deliveries

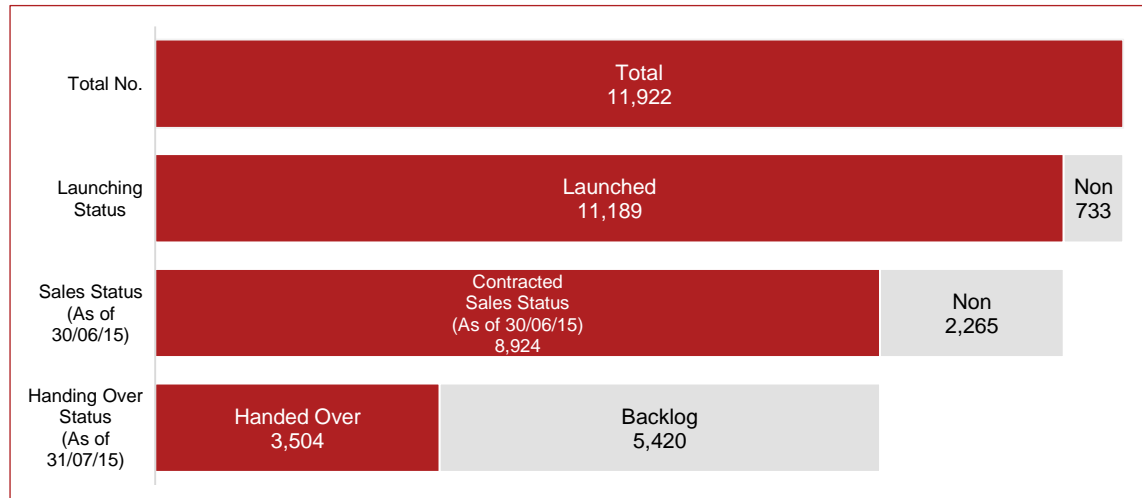
Construction Progress (% Complete)



Unit Deliveries



Inventory Breakdown (Delivery/Backlog)



Competitive Landscape

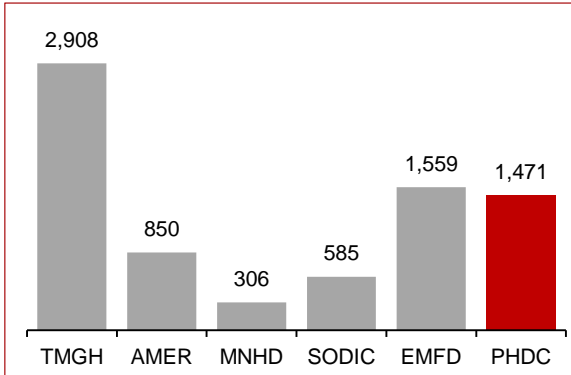




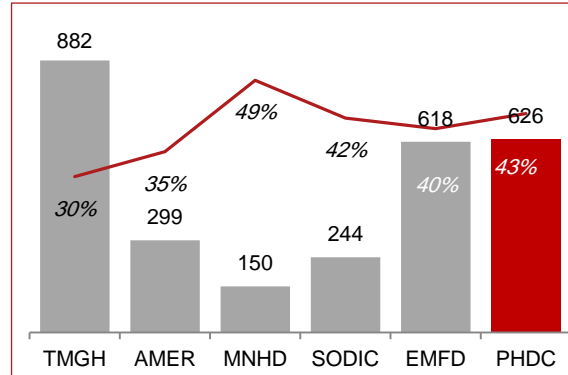
COMPETITIVE LANDSCAPE

Strong 1H2015 financial results, in comparison to peer group

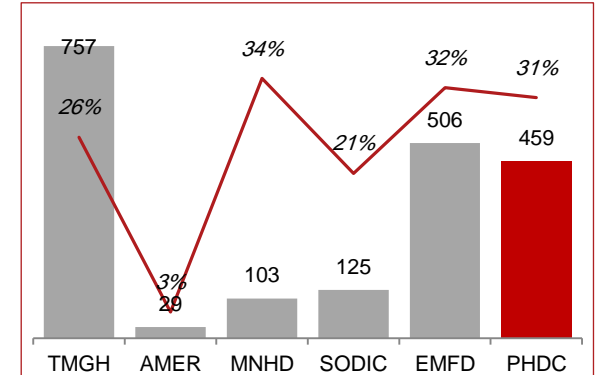
Total Revenue (EGP MN)



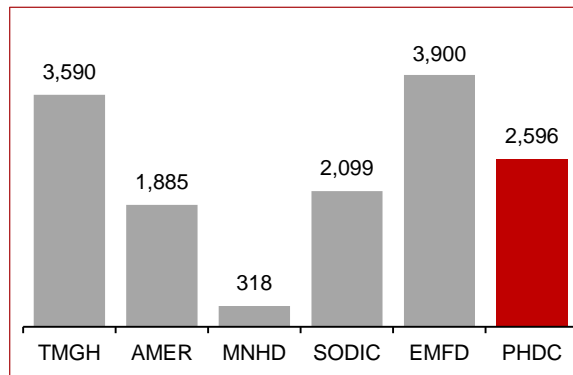
Gross Profit (EGP MN)



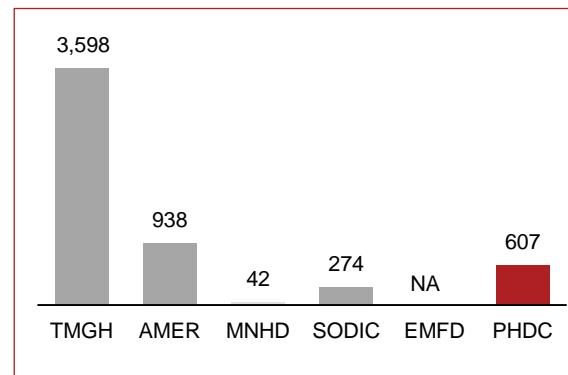
EBITDA (EGP MN)



Pre-Sales (EGP MN)



Unit Deliveries

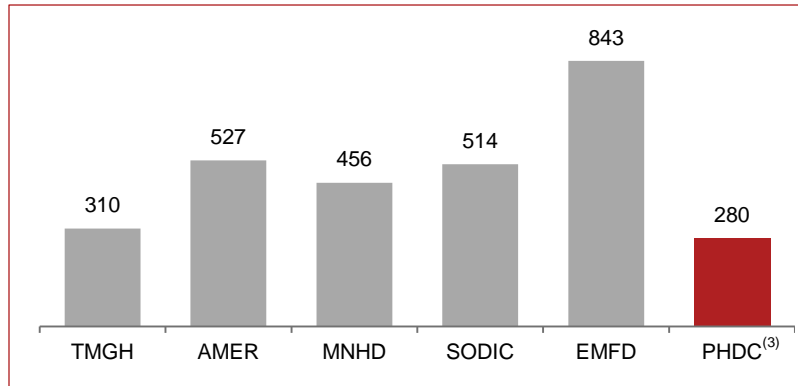




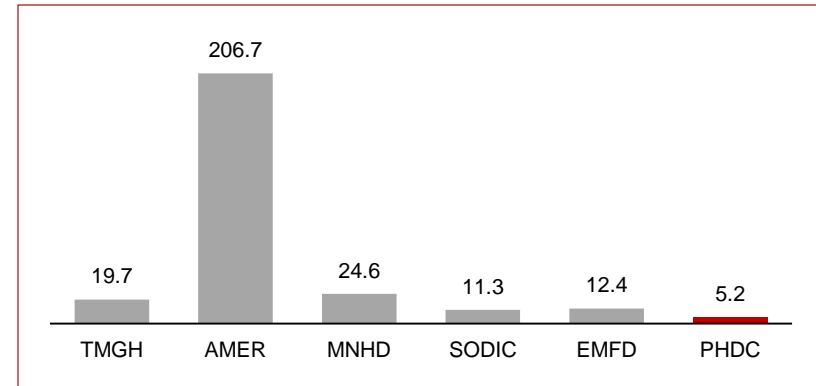
COMPETITIVE LANDSCAPE

PHD is trading at attractive multiples with a potential re-rating

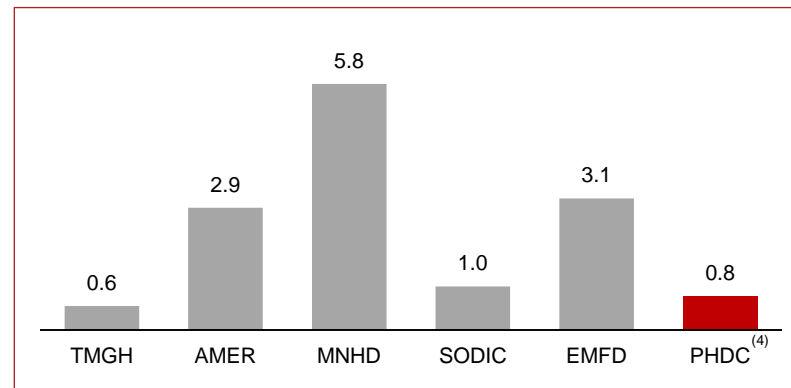
Market Capitalization / Sqm of Land (EGP) ⁽¹⁾



Price to Earnings (P/E) ^{(1) (2)}



Price to Book Value (P/B) ^{(1) (2)}



Notes: (1): Market data as of August, 18, 2015 ; (2): Multiples are calculated based on annualized 1H2015 earnings; (3): PHDC land area does not include 5 million sqm land plot in Saudi Arabia
(4) Book Value of Equity for PHDC includes the recently completed capital increase through a rights issue for EGP1.65 billion.

Financial Statements





FINANCIAL STATEMENTS

Income Statement¹

In EGP 000's	1H2015	1H2014	Change
Revenues²	1,471,198	841,695	75%
Cost of revenues	(845,021)	(563,638)	50%
Gross profit	626,177	278,057	125%
<i>Margin %</i>	<i>42.56%</i>	<i>33.04%</i>	<i>9.5 pp</i>
General administrative, selling and marketing expenses	(190,569)	(94,726)	101%
Other revenues	23,578	13,914	69%
EBITDA	459,187	197,245	133%
<i>EBITDA Margin %</i>	<i>31.21%</i>	<i>23.43%</i>	<i>7.8 pp</i>
Administrative depreciation	(4,228)	(4,820)	(12%)
Operating Profit	454,959	192,425	195%
Less:			
Interest expenses – amortization of discount on land liability	(6,259)	(13,892)	(55%)
Finance costs & interests	(30,431)	(32,576)	(7%)
Interest on land purchase liabilities	(108,458)	(71,233)	52%
Provision	(99,662)	(182)	NA
Total Expenses	(244,810)	(117,884)	108%
Add:			
Gains on investments in fair value through profit or loss	2,348	2,475	(5%)
Interest income – amortization of discount on notes receivables	46,099	68,125	(32%)
Interest income	782	2,117	(63%)
Capital gains on investment property	425,736	-	NA
Total Revenues	474,965	72,718	553%
Net Profit Before Income Tax	685,114	147,259	365%
Income tax expense	(10,412)	(452)	-
Deferred tax	(200)	(120)	-
Net Profit after Tax	674,503	146,687	360%
Non-controlling interest	(28,557)	(12,249)	133%
Net Profit after Tax & Minority Interest	645,945	134,438	381%
<i>Margin %</i>	<i>43.91%</i>	<i>15.97%</i>	<i>27.9 pp</i>

1- Prepared in accordance with Egyptian Accounting Standards (EAS)

2- PHD recognizes revenue from the sale of land for villas and townhouses upon signature of contracts. Revenue from construction is recognized on a "percentage completion" basis, with a minimum threshold of 100%. Revenue from apartments and multi-tenant buildings are recognized only upon delivery. As a result, the total revenue figure on the Income Statement during a period does not reflect reservations or construction revenue from villas and townhouses less than 100% completed or revenue from any apartment unit that has not been delivered to the client.





FINANCIAL STATEMENTS

Balance Sheet¹

EGP '000	June 30, 2015	Dec 31, 2014
Long-Term Assets		
Investments in Associates	77,366	77,163
Investment Property	854,665	1,085,977
Held to Maturity Investments	31,952	19,657
Notes Receivable - Long Term	5,222,735	2,660,382
Projects Under Construction	842,860	857,379
Advance Payments for Investments Acquisitions	204,111	204,111
Fixed Assets (net)	326,079	312,469
Deferred Tax Asset	3,722	3,999
Other Long Term Assets	1,391	1,391
Total Long-Term Assets	7,564,880	5,222,528
Current Assets		
Works in Process	6,703,447	6,074,901
Cash & Cash Equivalents	430,354	194,949
Notes Receivable - Short Term	589,392	1,571,754
Investments at Fair Value	52,747	56,856
Accounts Receivable	826,101	1,121,983
Suppliers - Advance Payments	458,371	373,202
Debtors & Other Debit Balances	182,263	116,797
Due from Related Parties	148,942	105,749
Total Current Assets	9,391,618	9,616,190
Total Assets	16,956,498	14,838,719
Current Liabilities		
Banks - Credit Balances	36,517	39,198
Advances from Customers	5,802,626	5,001,684
Completion of Infrastructure Liabilities	76,584	133,838
Provisions	108,629	9,063
Current Portion of Land Purchase Liabilities	223,238	216,569

EGP '000	June 30, 2015	Dec 31, 2014
Current Liabilities (continued)		
Due to Related Parties	607,183	646,313
Investment Purchase Liabilities	44,257	44,257
Notes Payable - Short Term	888,623	805,228
Current Portion of Term Loans	446,512	174,410
Suppliers & Contractors	554,403	405,055
Income Tax Payable	92,987	83,979
Creditors & Other Credit Balances	393,206	410,672
Total Current Liabilities	9,274,766	7,970,266
Working Capital	116,853	1,645,925
Total Investment	7,681,733	6,868,453

Financed as Follows:

Shareholders' Equity		
Issued and Paid-In Capital	2,696,640	2,696,640
Legal Reserve	584,508	566,470
Special Reserve	524,213	524,213
Retained Earnings (Deficit)	(535)	(272,361)
Net Profit for the Period/Year	645,945	353,290
Equity Attributable to Equity Holders of Parent Co.	4,450,771	3,868,252
Non-controlling Interest	266,160	255,951
Total Shareholders' Equity	4,716,931	4,124,203
Long Term Liabilities		
Land Purchase Liabilities	365,818	350,434
Notes Payable - Long Term	401,356	536,511
Other Long Term Liabilities – Residents' Association	439,306	395,362
Loans	1,758,323	1,461,943
Total Long Term Liabilities	2,964,802	2,744,250
Total Equity & Long Term Liabilities	7,681,733	6,868,453

1- Prepared in accordance with Egyptian Accounting Standards (EAS)

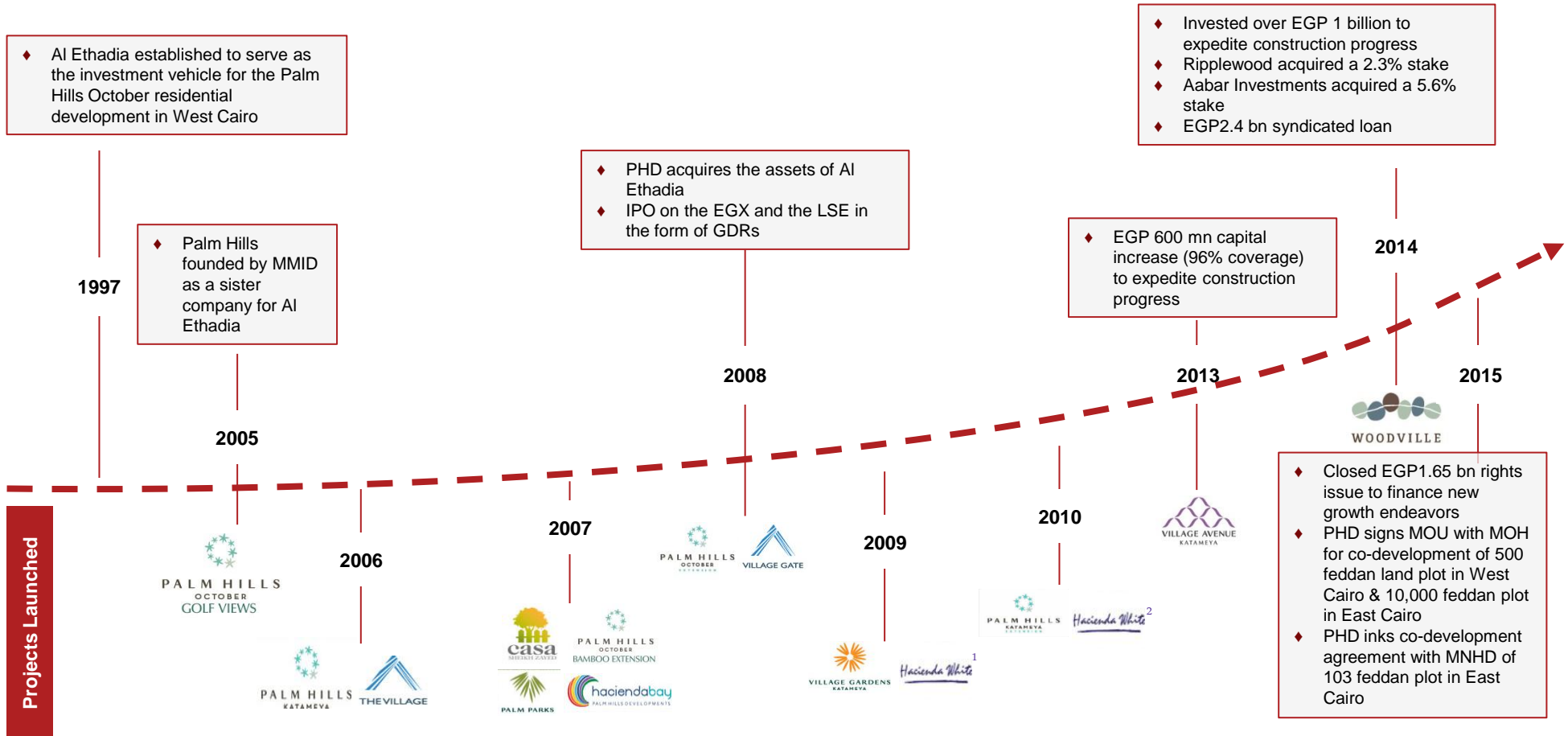


Appendix





APPENDIX A Strong Brand Name





APPENDIX

PHD enjoys continuous support from its principal shareholders

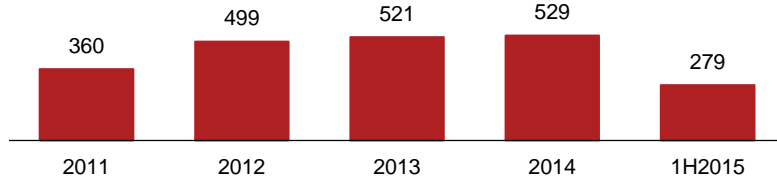
Founding Shareholders Offering Continuous support



El Mansour & El Maghraby Investment & Development Company (MMID) is the founder of Palm Hills and is currently the largest shareholder with a 42.2% stake

Interest Free Loan (EGP mn)

- ✓ In 2011, MMID provided the company with an interest free loan to fund its operations, after PHD experienced a difficult period fueled by the political and economic uncertainty resulting from Egypt's 2011 revolution



Participation in Capital Increase

- ✓ MMID fully participated in PHD's 2013 capital increase
- ✓ MMID was fully committed in participating in PHD's EGP1.65 bn 2015 capital increase

Group Companies that Can Serve as Anchor Tenants



Egypt



New Investors: Affirming confidence in the company

- ◆ In 2014, prominent investors, Ripplewood Holdings and Aabar Investments showcased their belief in the Company's story by acquiring stake in PHD

RIPPLEWOOD

aabar

Type of Investor	Leading international private equity firm	Regional investment firm with extensive experience in real estate
Date of Acquisition	May 2014	November 2014
Stake Acquired	2.3%	5.6%
BoD Representation	Timothy Clark (Vice Chairman)	Chad Tappendorf (Board Member)

Participation in Capital Increase

- ✓ Ripplewood & Aabar announced their commitment to fully participate in the forthcoming capital increase

These new investments affirm positive aspects of PHD...

- ✓ Attractiveness of the company
- ✓ Potential growth
- ✓ Management capability
- ... provide support to the company in several functions...
- ✓ Company strategy formulation
- ✓ Real estate and industry advisory
- ✓ International best practices



APPENDIX

Key Investment Highlights

Well Recognized Brand Name

- ◆ PHD possesses a renowned brand name that is synonymous with excellent product quality with 12 active projects
- ◆ As of 2Q2015, PHD has delivered 3,365 units
- ◆ Today, PHD's communities are home to more than 1,400 families

Diversified Project Portfolio

- ◆ PHD owns a diversified set of projects that spans Egypt's key metropolitan areas as well as the North Coast
- ◆ This includes c.337,000 sqm of undeveloped commercial land that the Company is looking to utilize in its development of its commercial sector
- ◆ PHD's unsold inventory in existing projects as of 2Q2015 is valued conservatively at an estimated c.EGP10.6 bn at today's prices

Evident Shareholder Support

- ◆ The Company is backed by a well rounded shareholder base anchored by the founders through MMID who have continuously supported the Company's growth story even during difficult periods
- ◆ MMID's belief in the Company is evident with their c.EGP600 mn interest free loan, full participation in 2013's capital increase and their subscription in the recently concluded EGP1.65 bn capital increase
- ◆ In 2014, PHD welcomed Aabar Investments PJS, a subsidiary of UAE's IPIC, who acquired a 5.6% stake, and Ripplewood Holdings who also acquired a stake of 2.3% and whom have also fully subscribed in the EGP1.65 bn capital increase

Strong Management Team Delivering Strong Financial Results

- ◆ The Company's competent and knowledgeable management team has navigated the recent difficulties with expertise and caution keeping a keen eye on preserving and enhancing shareholder value
- ◆ The financial performance has reflected the prudent approach adopted by the current management with gross sales rebounding from EGP797 mn in 2012 to EGP3,936 mn in 2014 and net profits increasing from a loss of EGP135 mn in 2012 to EGP353 mn in 2014
- ◆ Additionally, 1H2015 gross sales of EGP2,596 mn are significantly higher than those of 1H2014 of EGP2,091 mn while net profit is EGP646 mn in comparison to EGP134 mn for the same period





APPENDIX

Key Investment Highlights (Cont'd)

Successful Turnaround

- ◆ PHD efficiently utilized the proceeds from the 2013 rights issue along with its internal cash flows to spend EGP1 bn on its construction program during 2014, while construction spending reached EGP953 mn as of 1H2015.
- ◆ PHD's gross sales increased to EGP3,936 mn in 2014 from EGP1,479 mn in 2013 while deliveries increased from 322 units to 981 units in 2014, while the Company delivered 607 units in 1H2015.

Clear Growth Strategy

- ◆ A clear 4-pillar strategy focusing on:
 - ◆ Growth
 - ◆ Earnings Stabilization & Diversification
 - ◆ Improving Profitability
 - ◆ Expediting Project Delivery

Attractive Real Estate Market Dynamics

- ◆ A young and growing demographic profile (majority between 25 – 44 years) evidenced by the c.900,000 annual marriages along with the rising urbanization creates demand for housing
- ◆ A densely populated core along with the appeal of gated communities is seeing the affluent increasingly relocate to the suburbs
- ◆ Recent initiatives such as the CBE EGP10 bn mortgage financing program will provide support for the rising demand
- ◆ The recent devaluation of the Egyptian pound and rising inflation have and are likely continue to spur demand for real estate as investors hedge their risks

Underpenetrated Commercial Sector

- ◆ An underpenetrated and Cairo-centric retail market provides headroom for future developments to reap the benefits of Egypt's demographic profile and presents the opportunity to exploit other major urban centers
- ◆ A shift in demand toward international brands increasing as young population enters the workforce, with demand for modern retail shifting from class B to A+
- ◆ Opportunity to provide neighborhood and convenience retail stores as current and future supply represent only 10% of the offering
- ◆ Despite the migration of major corporations/multinationals to the suburbs, 80% of Cairo's office space remains in residential buildings
- ◆ The recent trend of corporations relocating to the suburbs is expected to persist given the highly congested nature of downtown Cairo (population of c.15 mn)





APPENDIX

PHD is led by a strong team

Board of Directors

Board Member	Position
Yasseen Mansour	Chairman
Mohamed Mansour	Vice Chairman
Timothy Clark	Vice Chairman (Ripplewood)
Eng. Mohamed Sultan	CEO
Tarek Abdel Rahman	Co-CEO
Eng. Shehab Mazhar	Head of Engineering
Ali Thabet	CFO
Yasser El Mallawany	Non-Executive (Independent)
Chad Tappendorf	Non-Executive (Aabar)
Youssef El Far	Non-Executive (Independent)
Hassan Darwish	Non-Executive (MMID)

PHD's management is characterized by...

- ✓ Diverse experience in their respective fields
- ✓ Solid industry knowledge
- ✓ Strategic approach in decision making
- ✓ Hands on management and strong involvement in running of the business
- ✓ Leadership capabilities and guidance of employees

Executive Management



Yasseen Mansour
Chairman

Mr. Yasseen Mansour serves as Chairman of the Board of Directors of PHD, and has guided the company from a single-project entity into a leading real estate player in Egypt. Mansour began his career in 1986 at Mansour Motors Group, and has since lead the companies he owns and presides over to growth



Mohamed Sultan
CEO

Eng. Mohamed Sultan joined PHD in 2008 as VP Development – North Coast and Alexandria, and was appointed CEO in 2011. Sultan began his career at OBALCO, working with the US Army Corp of Engineers. In 1986, Sultan founded the Engineering Group for Urban Development, of which he is President. Sultan holds a bachelor's degree in Architectural Engineering from Al Azhar University



Tarek Abdel Rahman
Co – CEO

Mr. Tarek Abdel Rahman joined PHD as Chief Investment Officer in October 2013. Prior to joining PHD, Abdel Rahman founded Akanar Partners, a corporate finance and M&A advisory. Prior to that, Abdel Rahman worked at Beltone, Citigroup, EFG-Hermes and HSBC. Tarek graduated from the American University in Cairo in 1995 and received his MBA from London Business School in 2004



Shehab Mazhar
Head of Engineering

Eng. Shehab Mazhar, one of the founders of PHD, is the company's Head of Engineering and oversees all of the architecture and home design of the firm's projects. Mazhar possesses a deep understanding of the local market's needs, as evidenced by the immense popularity of PHD's communities. He has served as a member of the Board of Directors since January 2005



Ali Thabet
CFO

Mr. Ali Thabet joined PHD in 1997 as VP for Finance, Accounting and Administration, and was promoted to CFO in 2011. Previously, Thabet ran his own office for Chartered Accounting and Financial Management Services. Thabet holds a B.Sc. of Commerce from Ain Shams University and received a Master in International Business Administration from ESLSCA Business School



Amr El Barbary
Head of Commercial Real Estate

Mr. Amr El Barbary is responsible for the commercial real estate business. Before joining PHD last year, he was a Managing Director at Citadel Capital, one of the largest private equity players in Middle East and Africa. Prior to that, he was a Senior Banker at Deutsche Bank in London, working for the Emerging Markets Special Situations Division. He has also worked for Citigroup. He graduated from the American University in Cairo in 2001 with a B.Sc. in Mechanical Engineering





APPENDIX

Egypt Political & Macroeconomic Update

Political Roadmap



Recent Developments

Subsidy Reforms

- In July 2014, the Egyptian government commenced a long overdue overhaul of its subsidy program as it cut fuel and power subsidies in its bid to narrow the fiscal deficit to a sustainable level and revive the stagnant economy

Mortgage Finance

- The government is stimulating private and household credit through the launch of an EGP10 bn programme backed by the CBE to promote mortgage finance

Government Funded Mega Projects

- The government announced plans including:
 - Expansion of the Suez Canal for an estimated cost of USD8.2 bn
 - Construction of 3,600 KM of new roads at a cost of EGP36 bn

EGP Devaluation

- To encourage foreign investment, the CBE has allowed the devaluation of the EGP, and imposed restriction on cash deposits to combat parallel market
- EGP currently under pressure in parallel market, implying another potential devaluation round by end of FY2015

Improving Security Situation

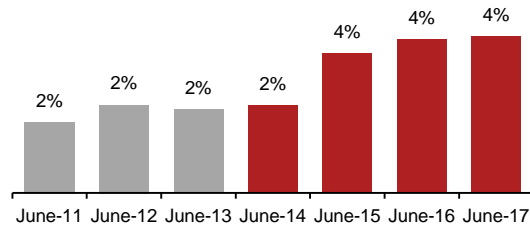
- To restore confidence in the economy and to minimize future disruptions, the Egyptian government has pursued an aggressive campaign against militant insurgency in the Sinai to stem any overflow into Egypt's economic centers

Energy Shortage Initiatives

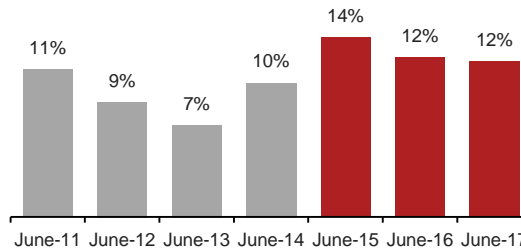
- As a signal of intent, the government has began repaying international oil companies, allowed the use of coal in the cement sector, and finalized the lease of a storage and regasification unit to facilitate gas imports from Algeria & Russia starting 2Q 2015

Key Macroeconomic Indicators

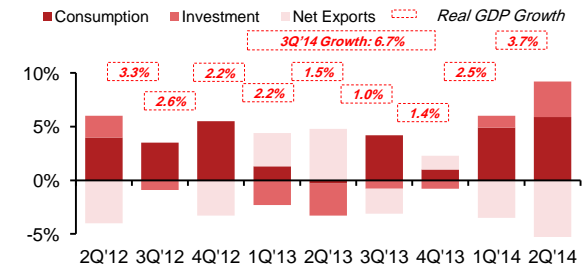
GDP Growth



Inflation



Consumption Growth



Source: IMF

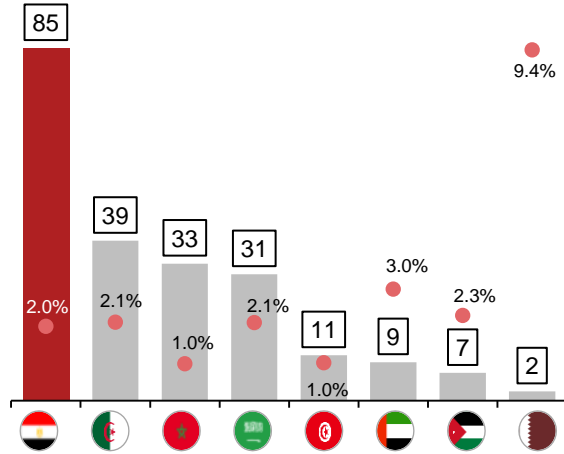
Source: IMF

Source: EFG Hermes Research

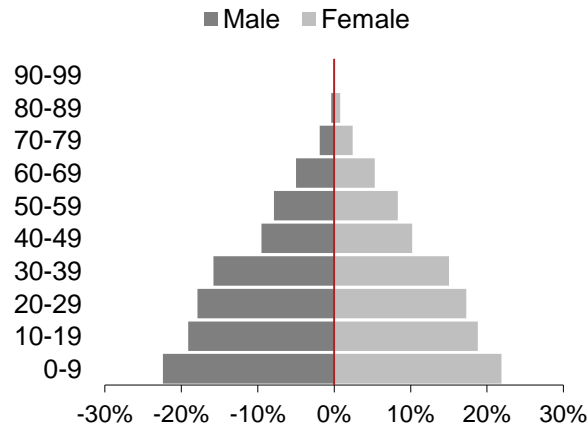


APPENDIX Healthy Demographics

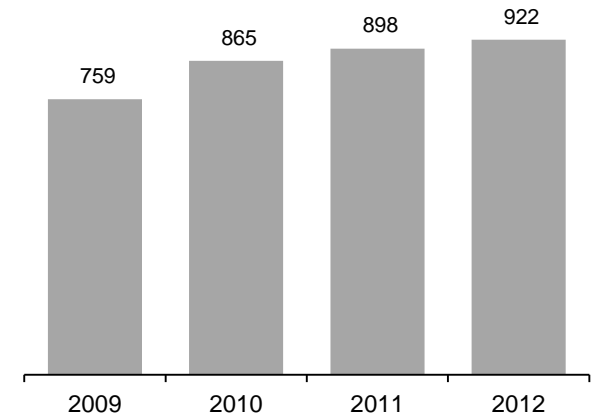
Population in 2014e & 2014 Growth (mn, %)



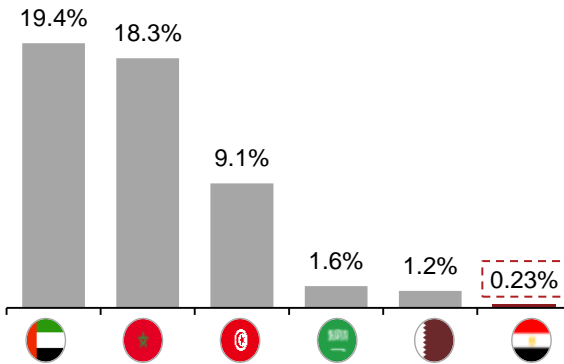
Young Population



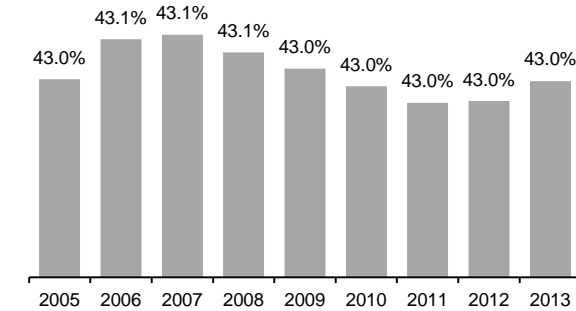
Increasing Annual Marriages ('000)



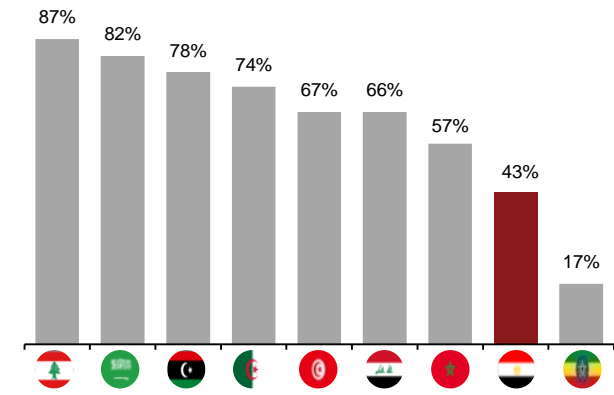
Low Mortgage Penetration



Low Urbanization



Regional Urbanization





APPENDIX Real Estate Market Dynamics

Overview

- ◆ Densely populated urban centers with low urbanization rates
- ◆ High population growth creating pent-up demand after 3 lean years exceeds current supply
- ◆ Adaptable business model with developers gravitating toward smaller and more affordable units
- ◆ Rising selling prices due to demand by far outstripping supply
- ◆ Recent equity transactions by major industry players indicate the positive sentiment toward the sector
- ◆ Government initiatives:
 - ◆ Fast tracking settling of legal cases with developers
 - ◆ CBE backed EGP10 bn fund for mortgage financing

Latest Developments (3Q 2015)



≡ The New Urban Communities Authority (“NUCA”) sold three land plots spreading over 270 feddan (1.13 million sqm) worth EGP3.7 bn in New Cairo through a public auction; increasing auctioned land prices in East Cairo to EGP3,625/sqm. 150 feddan (630K sqm) was sold to Marina Way Lagoon, at EGP2.1 bn at EGP3,290/sqm, 85 feddan (357K sqm) was sold to Al Hayat Development at EGP3,191/sqm, and 35 feddan (147K sqm) was sold to Masr Al Mahrousa at EGP3,625.



≡ The Egyptian Ministry of Housing (“MOH”) auctioned 5,000 small land plots in more than 10 cities, attracting some 55,000 bidders. Plots offered ranged between 209 to 276 sqm. The total collections made for down-payments were at EGP1.25 bn (25% from land value). 764 land plots were offered in Sixth of October City, 42 in Al-Obour City at EGP975/sqm, 622 in Badr at EGP780/sqm, 494 plots in Tenth of Ramadan City at EGP700/sqm, 200 plots in Sadat City at a price ranging between EGP565/sqm and EGP655/sqm, and 80 plots in New Salheya, at EGP565/sqm.



≡ Palm Hills has successfully closed a co-development agreement with MNHD to jointly co-develop 0.5 mn sqm in East Cairo on MNHD’s 5.5 mn sqm located in Cairo-Suez highway.

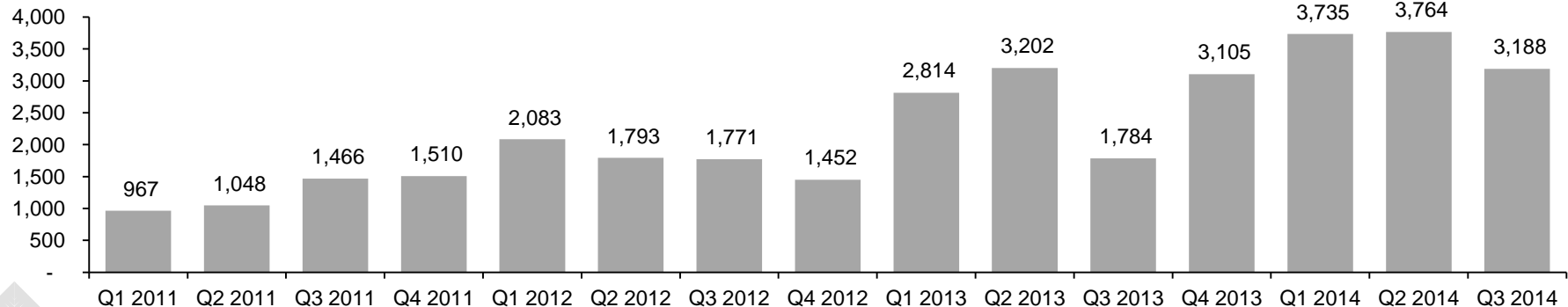


≡ Emaar Misr bids for Zayed Crystal Spark project in Sheikh Zayed city. The project will be located on a 190 feddan land plot with a total footprint 30% and investment costs estimated at EGP8bn, excluding the cost of land. The two other bidders are Arabiya for Real Estate Development and Royaa Holding for Development.



≡ SODIC, Wadi Degla, Mountain View, Al Ahly for Real Estate Development, and Omran Misr Real Estate Development are all competing in Heliopolis Housing’s tender to co-develop a 655-feddan land plot in New Heliopolis City.

Gross Sales (EGM MN)⁽¹⁾



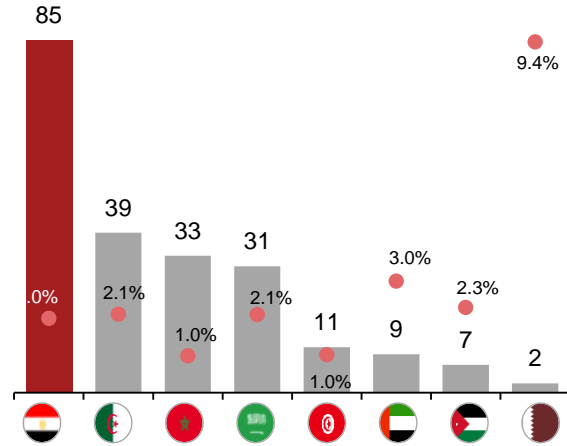
Palm Hills Developments | 2015 | Investor Presentation

Note (1): Gross Sales here are the total Gross sales for Palm Hills Developments, Talaat Mostafa Group and SODIC
Source: Bloomberg



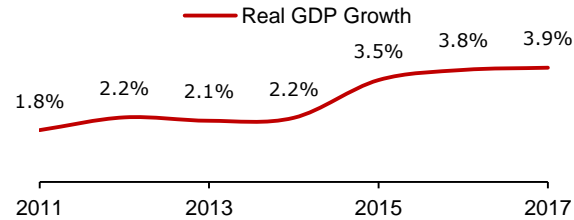
APPENDIX Commercial Market Overview

Sizeable & Growing Population



Source: IMF

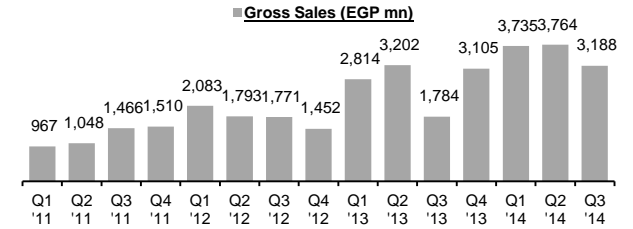
Improving Macroeconomic & Political Profile



- Recent measures to combat the currency black market, announcement of government funded mega projects, initiatives to address the energy shortage and the upcoming Egypt Economic Development Conference are serving to boost Egypt's long-term economic prospects
- The impending parliamentary elections, efforts to improve the security situation and promotion of Egypt to foreign tourists are restoring confidence in Egypt's pursuit of political stability and have lead to an increase in the number of incoming tourists in Q4'14

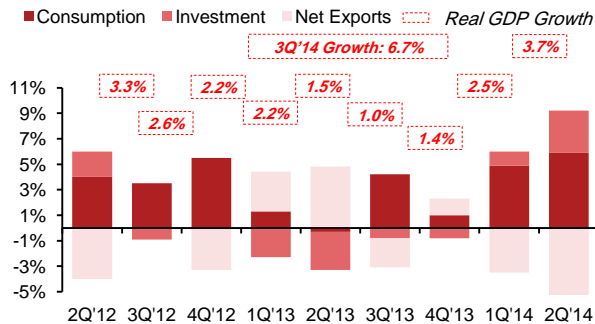
Source: IMF

Rising Real Estate Gross Sales



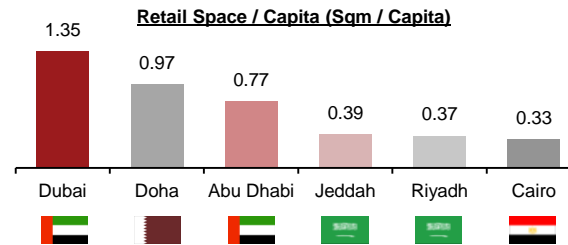
- Real estate prices are rising as investors flock to a safe haven against further currency weakening
- Recent equity transactions by major industry players indicate the positive sentiment toward the sector; e.g. Emaar Misr recently filed for an IPO
- Government initiatives to support the sector include fast tracking the settlement of legal cases with developers and the introduction of a CBE backed EGP10 bn fund for mortgage financing

Healthy Consumption Patterns



Source: Respective central banks and EFSA

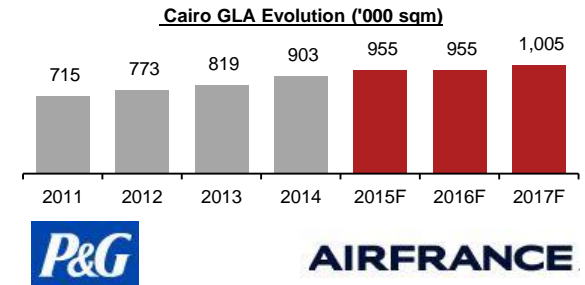
Underpenetrated Retail Market



- High occupancy rates, 91% in West Cairo & 83% in East Cairo highlight the urban demand for retail outlets
- Major retail developments are exclusively located in Cairo, leaving other affluent urban centers untapped

Source: World Bank

Intensifying Demand for Premium Office Space



- The lack of suitable office space in downtown Cairo has been seen major corporations make the move to East & West Cairo, with East Cairo the preferred destination due to its proximity to the airport and ease of access
- The opportunity to develop Grade B office space, especially in West Cairo is a direct consequence of the abundance of Grade A office space currently in progress

Source: World Bank



APPENDIX

Commercial Market Overview - Retail Market

Sector Overview

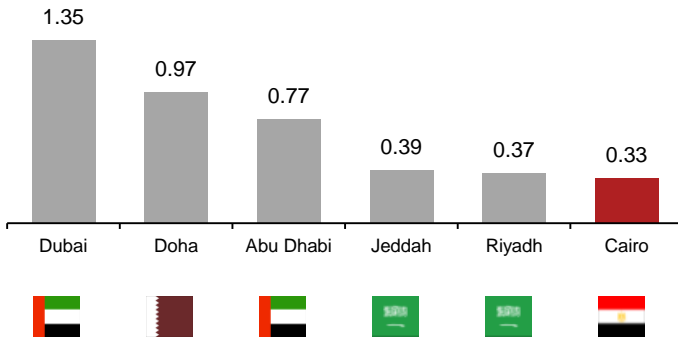
Underpenetrated Market with Ample Headroom

- ◆ Cairo ranks amongst the lowest in retail space / capita when benchmarked against other regional hubs
- ◆ New developments are primarily classified as Super Regional & Regional Malls which leaves the neighborhood and convenience retail supply relatively underserved

Cairo – Centric Supply

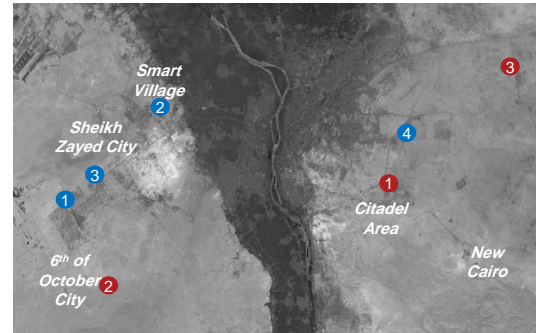
- ◆ Major urban centers are witnessing improving economic conditions but are underserved from the retail perspective and offer an valuable proposition for developers to tap into
- ◆ New retail developments are predominantly located in the Greater Cairo Area, with limited projects in Alexandria and nothing else announced

Retail Space / Capita (SQM/Capita)



Source: Colliers – MENA Retail Market Snapshot, JLL, Colliers International, Global Property Guide, CB Richard Ellis, PriceWaterhouse Coopers, Better Homes, HSBC estimates.
 Note(1): Excludes Designopolis due to its highly specialized nature; and Galleria 40 due to its recent entry into the market; (2) Expected to be completed through 2020; (3) 2008/2009

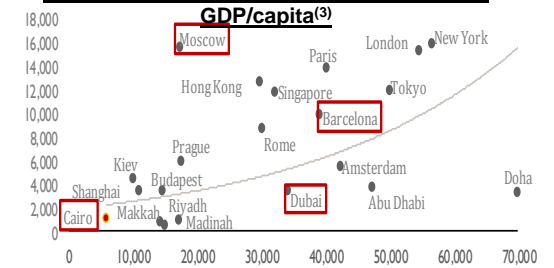
Market Snapshot



Existing Retail Centers

	GLA ('000)	Occupancy
1 Mall of Arabia	110	95%
2 Dandy Mega Mall	65	80%
Designopolis	22	22%
6 th October		
The Strip	26	95%
Cityscape Mall	19	N/A
Dolphin Mall	26	N/A
Arkan Mall	16	100%
3 Galleria 40	22	55%
Katameya Downtown	30	65%
New Cairo		
4 Cairo Festival City	150	82%
Emeralds Empire	42	85%
Porto Cairo Mall	29	100%
Concorde Mall	10	100%
Total	567	
Weighted Average	6th October⁽¹⁾	91%
	New Cairo	83%

Global Residential Prices USD/sqm vs. USD



Retail Centers Under Development⁽²⁾

	GLA ('000)
Citadel Area	
1 Citadel Plaza	120
2 Uptown Cairo	200
6 th October	
2 Mall of Egypt	160
Cleopatra Mall	105
Park Avenue	30
Porto 6 th of October	96
Mirage Mall	43
Maxim Mall	22
New Cairo	
Mivida	N/A
3 Madinaty Mega Mall	104
Point 90 Mall	42
Waterway	9
Total	930

- ◆ The high occupancy rates underline the demand within the Egyptian retail market
- ◆ After accounting for the new retail centers, Cairo's retail space / capita will still be lower than other regional cities.
- ◆ There remains an untapped market in other affluent cities, given the Cairo-centric nature of the future developments.



Office

Scarcity of Business Parks

- ◆ The scarcity of business parks and lack of Grade A office space in Cairo's core make it difficult for corporations to find suitable office space to expand into
- ◆ Additionally, the congested nature of the downtown area reduces the area's corporate appeal

Opportunity Identified by Developers

- ◆ These characteristics have presented real estate developers with the opportunity to cater to corporations seeking premium office space in locations

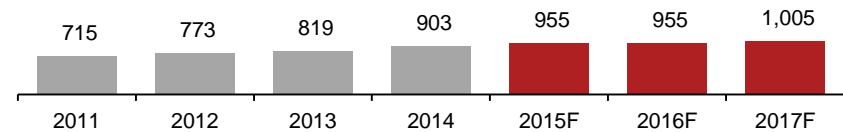
Existing Supply

	GLA	
New Cairo	Cairo Festival City	40
	The Address	9
	Office 77	8
	Boomerang	12
	47th Building	9
6 th October	Capital Business Park	44
	Arkan	19
	Galleria 40	21
	The Polygon	60
	Smart Village	300
	Pyramid Heights	50
Total	571	

- ◆ The average occupancy rate in New Cairo is 81% while that of 6th October City is 60%(1). 6th October City's average is dragged downward by the recent launch of several new office buildings.

Source: JLL, Note(1): As at Q4 2014 and includes Downtown Cairo; (2) The occupancy rate in 6th October is skewed by the inclusion of Smart village which has a different business model, attracting clients of a certain scale / size and is unsuitable for smaller companies.

Rising Future Supply

Cairo's GLA Evolution ('000 sqm)⁽¹⁾

Reflected in Recent Corporate Migration

- ◆ Lately, major corporations including P&G, Juhayna, Baker & McKenzie, and Air France have been relocating from their downtown locations to the new office complexes popping up on the outskirts of Cairo, demonstrating their eagerness to migrate Cairo's congested core



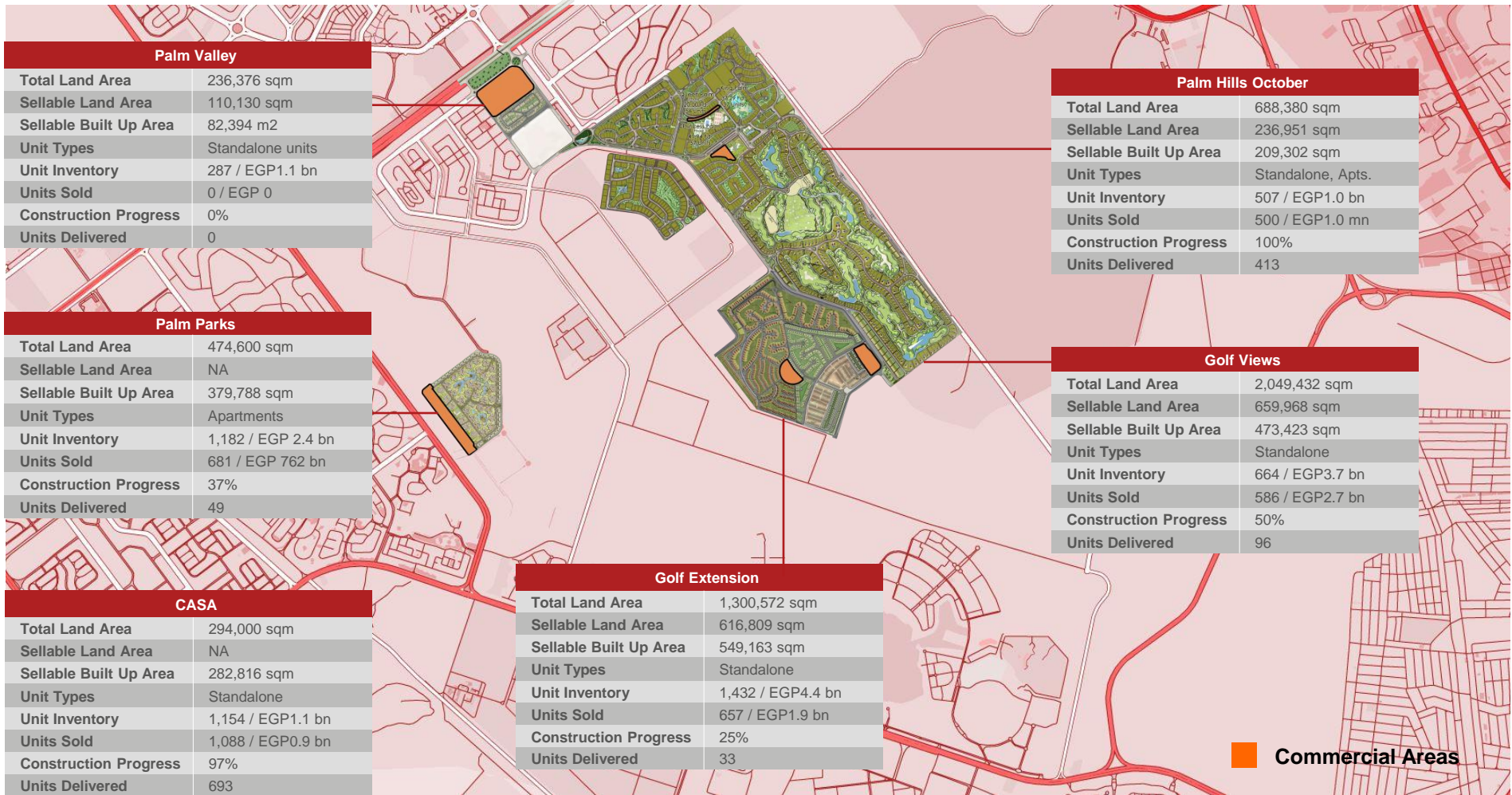
AIRFRANCE



- ◆ Despite the migration of major corporations to Cairo's suburbs, 80% of Cairo's office space remains in residential buildings illustrating the potential for future growth in the office market

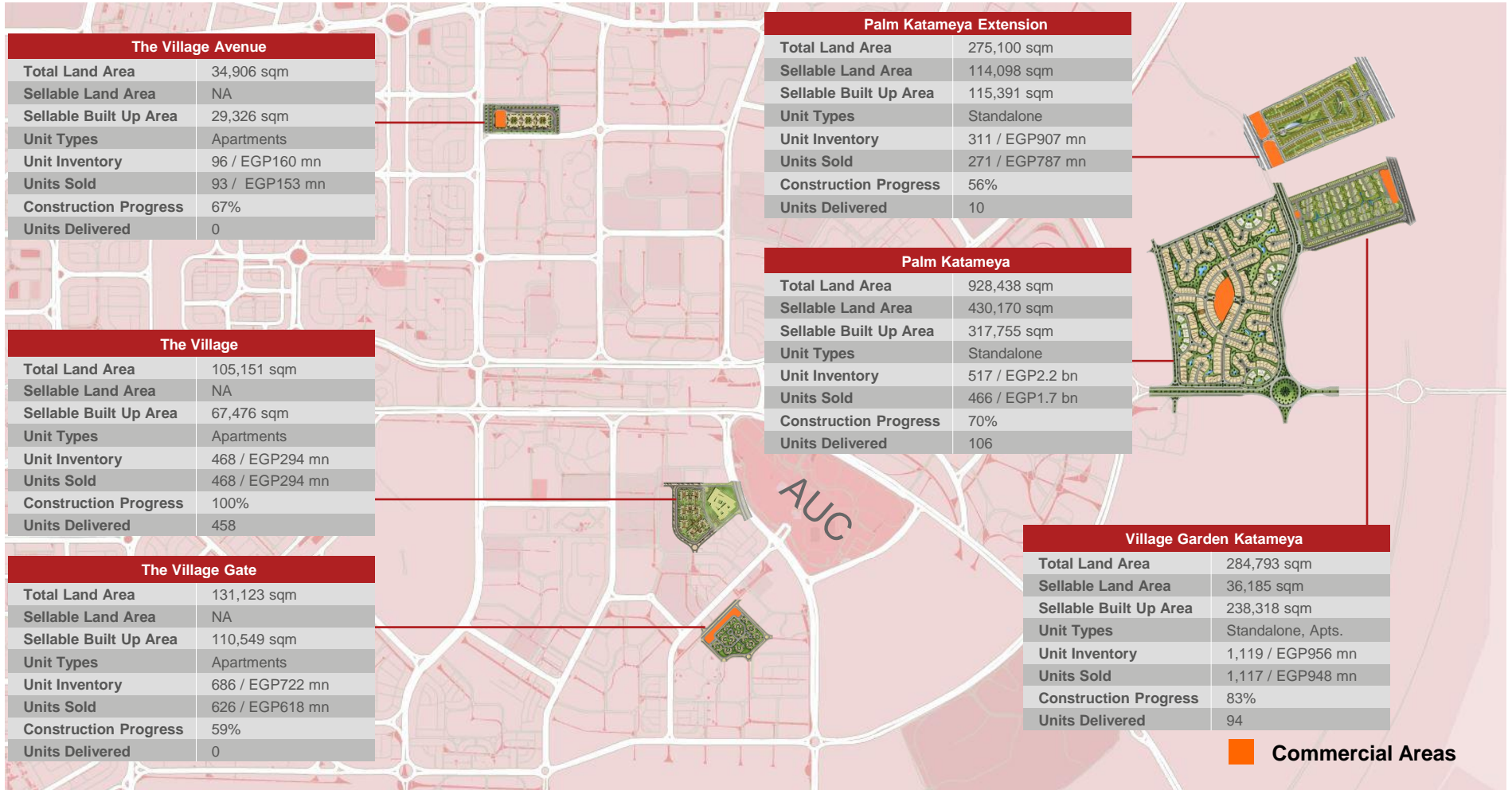


APPENDIX Projects' Portfolio - West Cairo



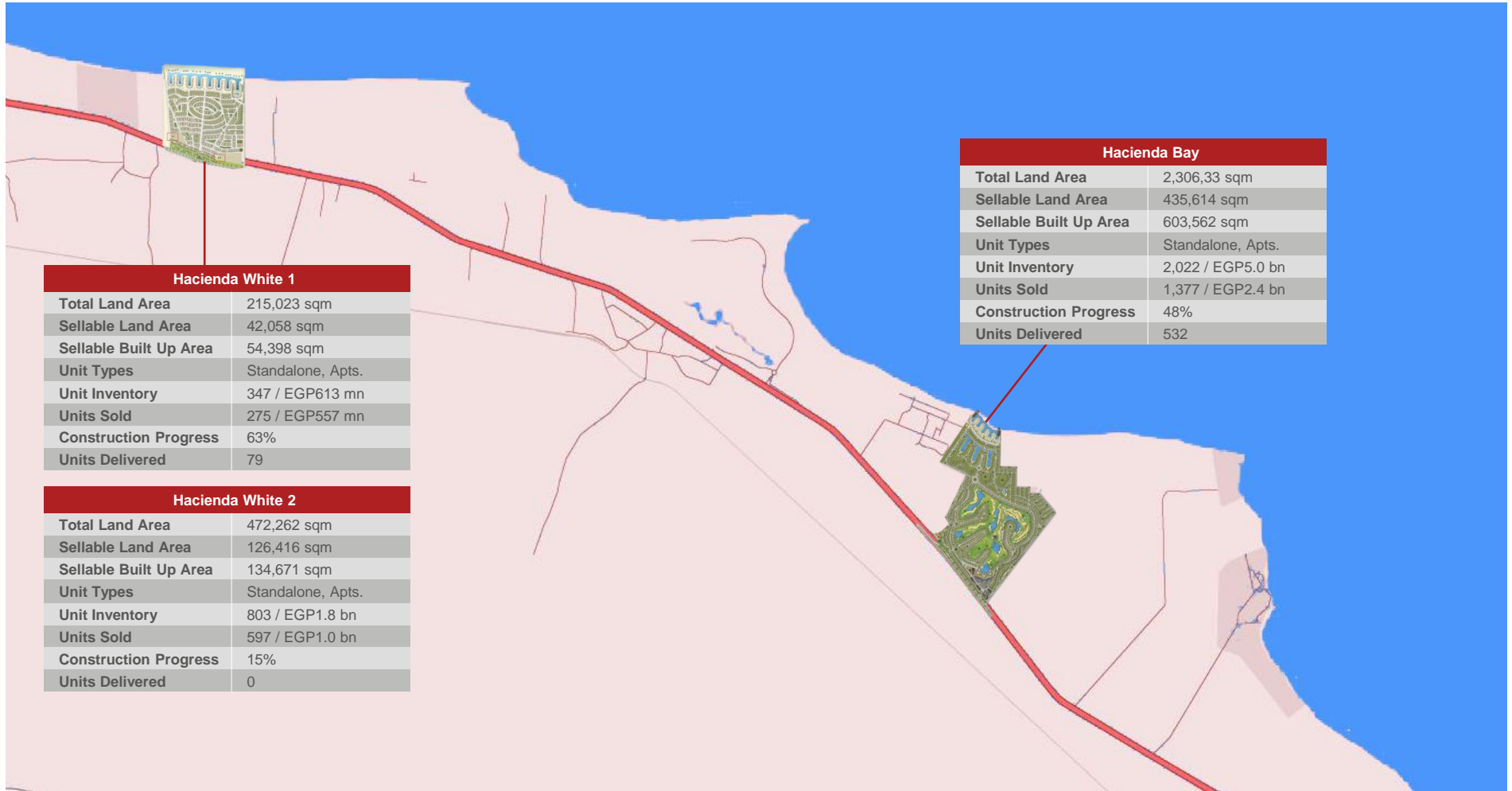


APPENDIX Projects' Portfolio - East Cairo



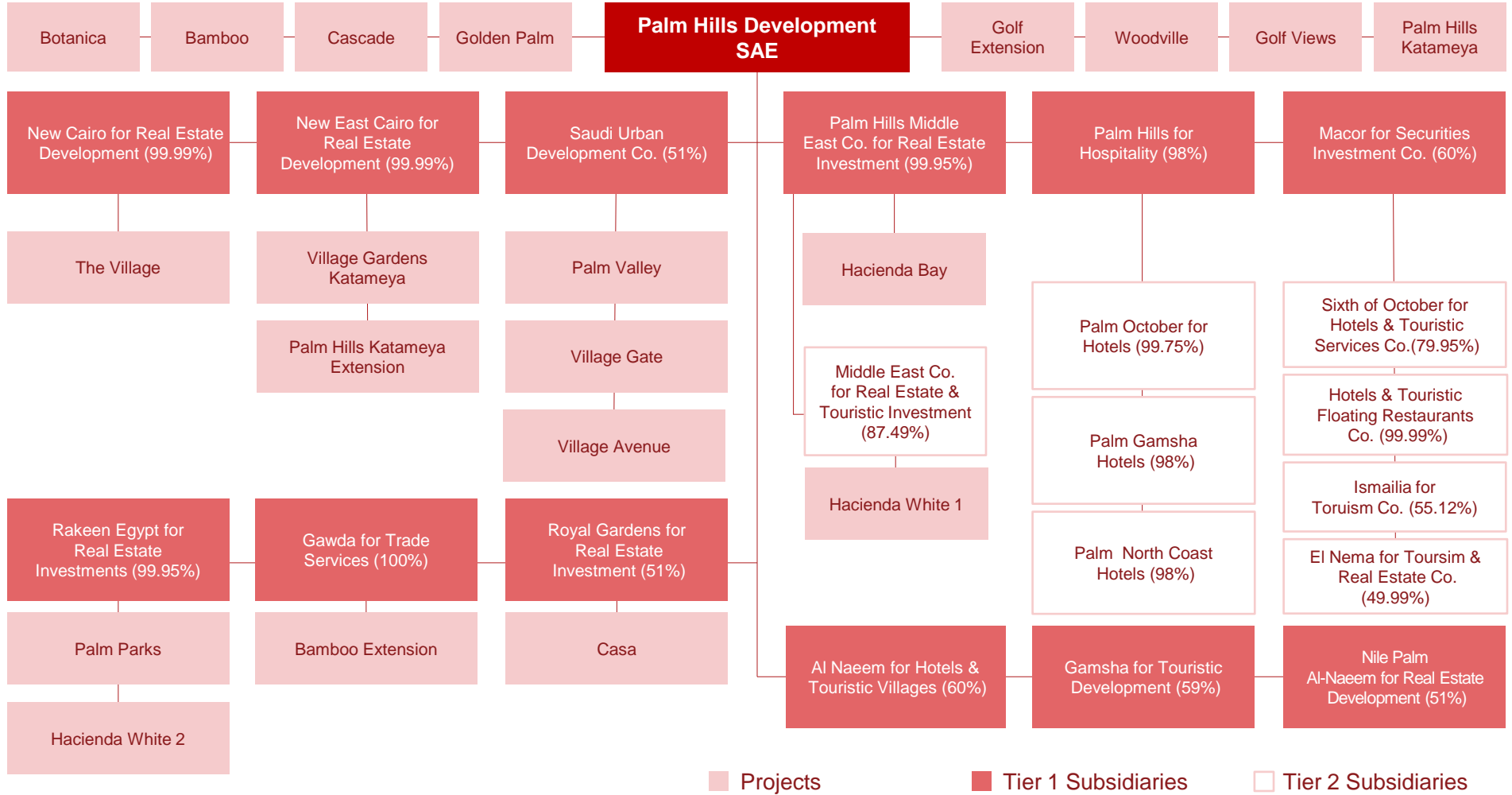


APPENDIX Projects' Portfolio - North Coast





APPENDIX Corporate Structure





APPENDIX

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