

SECOND QUARTER 2014 EARNINGS RELEASE

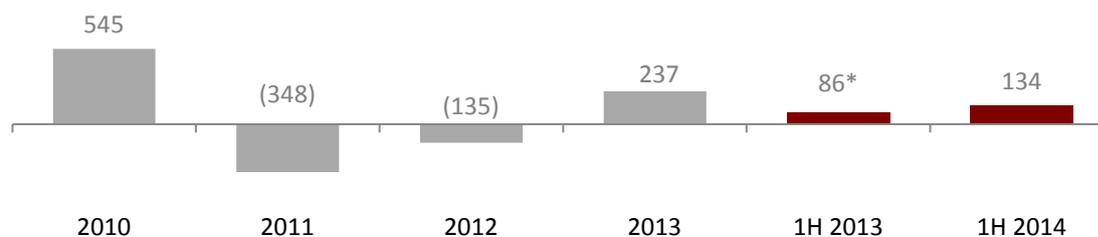
Palm Hills Developments Reports more than Two-Fold Rise in Gross Sales, Drop in Cancellations and Surge in New Contracts as it Releases 1H 2014 Earnings

Egypt's premier real estate developer reports net profit after minority interest of EGP 134.4 million on statutory revenues of EGP 842 million

1H 2014 KEY HIGHLIGHTS — Statutory Financial Results

- **Statutory Revenues** of EGP 842 million in 1H 2014, a 17.5% rise from the same period of 2013, despite 2013 figures including one-off revenue of EGP 240¹ million from the sale of the Village Mall
- **Gross Profit** of EGP 282.5 million in 1H 2014 is a 62.3% increase over EGP 174.1 million in 1H 2013; notably, when excluding the impact of the sale of the mall, Gross Profit more than doubled year-on-year
- **Net Profit after Minority Interest** inched down 2.4% year-on-year to EGP 134.4 million; however, it increased 57% if the one-off EGP 59 million in profit from the Village Mall sale is deducted from 2013 numbers.

Net Profit after Minority Interest (2010-1H2014, EGP million)



*1H13 figure of EGP 86 mn excludes profits from the sale of The Village Mall amounting to EGP 52 mn

1H 2014 KEY HIGHLIGHTS — Operational Results

- **Total Gross Sales (Reservations)** in 1H 2014 stood at EGP 1,737.7 million against EGP 690.6 million in the first half of 2013, a 152% rise; **Total Net Sales** reached EGP 1,592.6 million, up from EGP 499.3 million in 1H 2013.
- **Total New Contracts** signed in 1H 2014 were valued at EGP 1,249.9 million, up 146% from EGP 508.2 million in the same period of the previous year.
- Launch of new **five-pillar strategy** focused on growth with development of recurring revenues; expansion of product portfolio; geographic diversification; rapid delivery of projects; emphasis on profitability.

Cairo, 31 August 2014 — Palm Hills Developments (PHDC.CA, PHDC.EY), Egypt's premier real estate developer, reported today its consolidated financial and operational results for the first half of 2014, reporting net profit after taxes and minority interest of EGP 134.4 million on revenues of EGP 841.7 million.

¹ Actual cash received was EGP 190 mn as a result of the buyer settling the amount in cash as opposed to installments on 4 years.

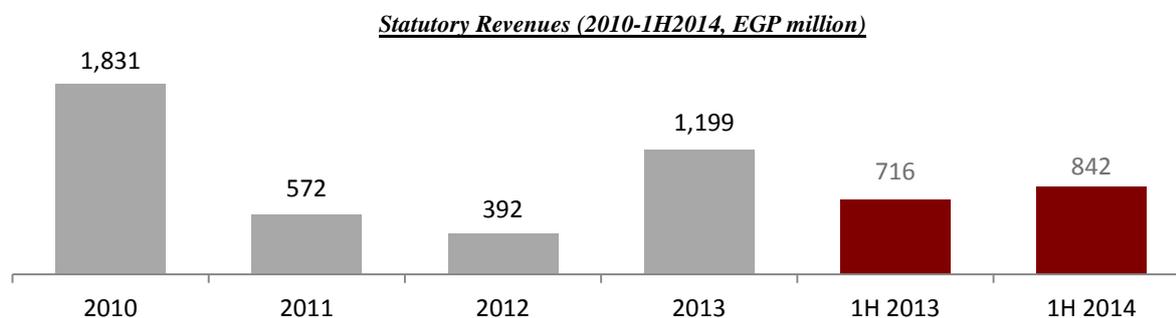
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“Our results in the first half stand as a testament to the rightness of our strategy and the confidence that consumers place in our ability to deliver not just individual homes, but entire communities on time and to the quality standards they expect,” said Co-Chief Executive Officer Tarek Abdel Rahman. “Between the stabilization of our economy and the results we have delivered under our new five-point strategy, I expect to see similarly strong numbers going forward.

“Accordingly, our focus in the second half will be more long-term oriented growth through the development of recurring revenue streams; the expansion of our product portfolio, particularly with new units targeting different income segments as well as the restocking of our inventory in New Cairo; rapid delivery of projects; and an emphasis on profitability,” Abdel Rahman concluded.

Statutory Financials Show Sharp Improvement

Statutory revenues (net recognized sales)² rose 17.5% year-on-year in 1H 2014 to EGP 841.7 million. When comparing 1H 2014 results to 1H 2013, it is noteworthy that in 1H 2013 statutory revenues included the non-recurring sale of The Village Mall for consideration of EGP 240 million. Factoring out this one-off sale, the company recorded a 77% year-on-year growth of statutory revenues in 1H 2014.



The revenue increase was primarily attributable to strong sales of standalone units in projects including Katameya, Golf, Golf Extension, Woodville, Palm Katameya Extension, and Hacienda White I and II. Also bolstering sales were deliveries in both the Village and Casa projects.

The strong increase in revenues coupled with a modest 3% rise in cost of sales led to a 62% increase in gross profit year-on-year; meanwhile, gross profit margin reached 34% up from 24% in 1H 2013. When comparing gross profit in 1H 2014 to 1H 2013 without including the proceeds from the 1H 2013 mall sale, the increase is up an even more-impressive 190% year-on-year. The improvement to gross profit comes on the back of a c.25% increase in selling prices together with the continued booking of standalone unit sales which permit immediate land sales recognition.

SG&A expenses grew significantly in the first half, although management is comfortable with the rate of increase given that the outlays are supporting the company’s return to growth. Increases to S&A expenses were driven largely by rising sales commissions and marketing expenses associated with the ongoing successful national marketing campaign. The campaign began in late 2013 and entered Phase 2 in 2Q 2014.

² PHD recognizes revenues from the sale of land for villas and townhouses upon signature of contracts. Revenues from construction are recognized on a “percentage completion” basis, with a minimum threshold of 50%. Revenues 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 revenues from villas and townhouses less than 50% completed or revenues from any apartment unit that has not been delivered to the client.

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The first phase was a push to re-build the company's profile in the market. The current phase of the campaign focuses on raising consumer awareness project-by-project.

When factoring out the one-off EGP 59 million in profit from the sale of the Village Mall in 1H13, EBITDA records a 41.4% year-on-year increase in 1H14; a significant jump that met the rise in SG&A in dollar terms.

The jump in expenses saw net profit after minority interest drop a slight 2.4% year-on-year to EGP 134.4 million. However, when removing the one-off EGP 59 million in profit in 1H 2013, net profit after minority actually increased an impressive 57% year-on-year. Net profit was also affected by a 25% increase in interest on land purchase liability due to rescheduling of the land of Golf Extension project.

On the financing front, the company is currently negotiating a new medium-term syndicated facility totaling EGP 2.4 billion to help speed up the completion and delivery of its projects; PHD signed an EGP 400 million bridge facility in 2Q14 pending finalization of the final syndicated transaction.

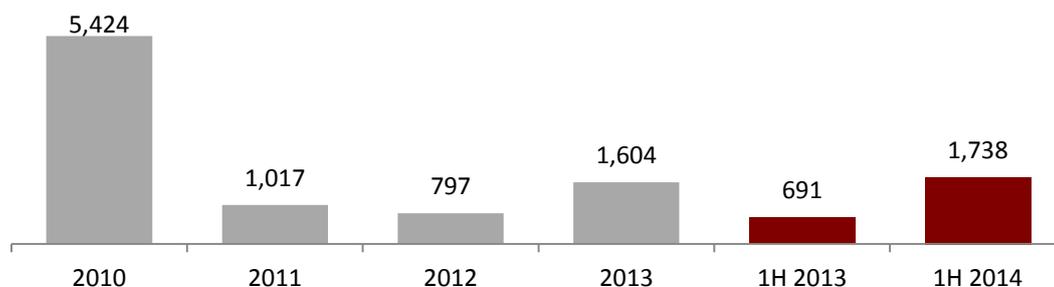
“Our push to accelerate build-out of our developments and the marketing and land expenses associated with that led us to seek an EGP 2.4 billion syndicated facility earlier this year. We are currently finalizing approvals on that facility,” noted Eng. Mohamed Sultan, Chief Executive Officer.. “Proceeds will be allocated to construction, infrastructure, marketing, SG&A and land payments for a number of projects, including Golf View, Golf Extension, Palm Parks, Palm Hills Katameya, and Hacienda White II.”

Key Highlights of Operational Performance

1. Continued Strong Sales Momentum

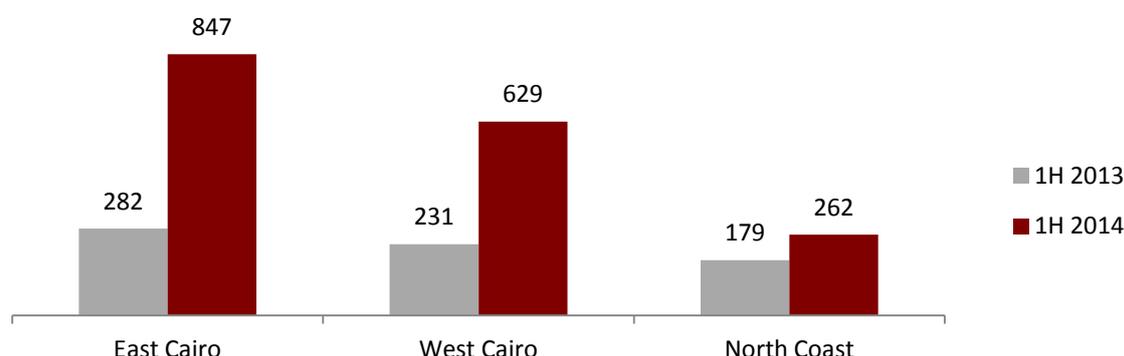
Gross Sales (Reservations), which are not yet recognized as revenues, more than doubled year-on-year in 1H 2014 to EGP 1.7 billion, up from EGP 690.5 million in 1H 2013. This outstanding growth is attributable to a number of factors, most prominent of which is consumer confidence in the PHD brand and the speed up of construction in all the company projects. A diverse product portfolio and an unmatched land bank have placed PHD in a position well-suited to meet current demand.

Reported Gross Sales (2010-1H2014, EGP million)



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Reported Gross Sales by Region (1H 2013-1H2014, EGP million)



As of the end of 1H14, the company's total backlog stood at EGP 13.6 billion.

2. Return of Land and Launch of Village Gardens October

In 2Q 2014 PHD reached a settlement agreement with the Egyptian Council of Ministers and the New Urban Communities Authority regarding the resumption of activities at two sites spanning 56.77 feddans. The plots are allocated for the new mixed-use real estate development branded Village Gardens October (VGO).

The project — located in Sixth of October City west of Cairo — will boast new residential type units that suit a wider range of consumer needs. In addition to residential real estate, Village Gardens October will also include some 28,000 square meters (sqm) of land earmarked for commercial development as part of PHD's strategy of growing its recurring revenues. PHD is currently finalizing the project design, with a strong emphasis on uniqueness, for its scheduled launch in 4Q 2014.

3. Roll-Out of Commercial Strategy

Among the primary objectives of PHD's new five-pillar strategy is the development of recurring revenues from commercial activities — such as hospitality and retail — to account for 25-30% of the group's total revenues. This would materialize through the development of a commercial land portfolio at all of PHD's projects and the positioning of PHD communities as destinations.

In addition to the allocation of 28,000 sqm for commercial development in Village Gardens October, the company has also earmarked 4,200 sqm of commercial land at Village Avenue, located a kilometer away from El Rehab City, for co-development with leading retailers in the market.

4. Diversification Drive

PHD's bank of land stood unchanged at 23.2 million square meters as of 30 June 2014, diversified across West Cairo and the North Coast in Egypt, fully 7 million square meters of which is undeveloped land located on the Cairo-Alexandria Desert Road. Also included in the total land bank figure is 5 million square meters of land in Saudi Arabia.

Furthermore, PHD is actively looking for opportunities to acquire or co-develop new land for new projects under its diversification drive with particular emphasis on East Cairo as its 1.8 million square meters there reaches saturation.

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5. Enhancing Land Use Efficiency

PHD's new five-pillar strategy also places heavy emphasis on maximizing efficient land use and thus improving profitability. Through the application of some design enhancements, PHD was able to increase the number of units and the amount of sellable land across two projects, namely Hacienda Bay and Golf Views. Not only will this add to PHD's revenues and improve its profitability, but it will also expand its product offerings allowing it to cater for a wider market segment; all while maintaining its world-class standard of quality.

These project enhancements have so far increased PHD's inventory by some 450 units in addition to over 60 thousand sqm of sellable land. Total contribution to EBITDA over the coming years is expected to exceed EGP 580 million.

Outlook

Looking ahead, the company has made strong progress on its strategy to develop recurring revenue streams, where we see potential from our recent co-development agreement for commercial land at Village Avenue and, in coming years, from the development of 28,000 sqm of retail / commercial land in Village Gardens October (presently in the design phase and strategically located on the main 26th of July corridor road in 6th of October City). The 4Q 2014 launch of Village Gardens October home sales will also be an important revenue driver going forward, as would be the acquisition of new land plots in East Cairo.

Palm Hills Developments' 1H 2014 consolidated financial statements, prepared in accordance with Egyptian Accounting Standards (EAS), are now available for download on www.palmhillsdevelopments.com.

— Ends—

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Palm Hills Development Statutory Income Statement (Egyptian Accounting Standards)

EGP	1H 2014	1H 2013	Change
SALES (NET)	841,694,606	716,325,789	17.5%
Cost of Revenues	(559,194,607)	(542,263,121)	3.1%
GROSS PROFIT	282,499,999	174,062,668	62.3%
<i>Margin %</i>	<i>33.6%</i>	<i>24.3%</i>	<i>9.3 pts</i>
<u>Less:</u>			
Interest Expenses – Amortization of Discount on Land Liability	(13,892,266)	(5,354,337)	159.5%
SG&A	(99,169,219)	(40,728,414)	143.5%
Administrative Depreciation	(4,820,135)	(5,888,189)	(18.1%)
EBITDA	184,655,080	189,734,813	(2.7%)
<i>Margin %</i>	<i>22%</i>	<i>26%</i>	<i>(4pts)</i>
Club's Net Operating Profit (Loss)	(4,789,848)	(4,362,823)	9.8%
Provisions	(182,400)	(426,178)	(57.2%)
Finance Costs & Interests	(32,576,144)	(27,202,973)	19.8%
Interest on Land Purchase Liabilities	(71,233,037)	(56,855,277)	25.3%
Total Expenses	(226,663,049)	(140,818,191)	61.0%
<u>Add:</u>			
Gains on Investments in Fair Value	2,475,384	2,757,780	(10.2%)
Interest Income – Notes Receivables Discount Amortization	68,125,067	88,952,585	(23.4%)
Interest Income	2,117,214	124,773	1596.9%
Other Revenues	18,704,186	30,680,176	(39.0%)
Associates' Share of Profit		883,860	(100.0%)
Total Income	91,421,851	123,399,174	(5.9%)
PROFIT BEFORE INCOME TAX	147,258,801	156,643,651	(6.0%)
Income Tax Expense	(451,597)	(21,902)	1961.9%
Deferred Tax	(120,000)	(150,663)	(20.4%)
NET PROFIT AFTER INCOME TAX	146,687,204	156,471,086	(6.3%)
<u>Attributable to:</u>			
Equity Holders of the Company	134,438,349	137,756,968	(2.4%)
Non-controlling Interest	12,248,855	18,714,118	(34.5%)
NET PROFIT FOR THE YEAR	146,687,204	156,471,086	(6.3%)
<i>Margin %</i>	<i>17.4%</i>	<i>21.8%</i>	<i>(4.4 pts)</i>



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Palm Hills Developments Statutory Balance Sheet (Egyptian Accounting Standards)

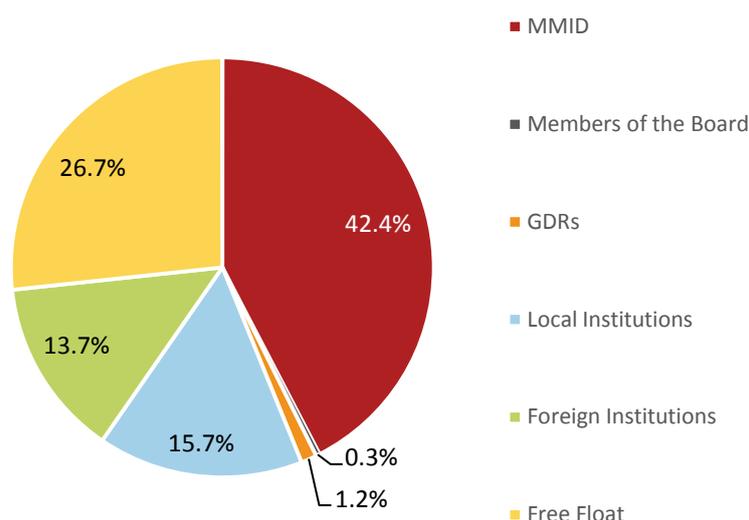
EGP	June 30, 2014	December 31, 2013
<u>Non-current Assets</u>		
Investments in Associates	124,118,283	125,066,417
Investment Property	1,085,262,463	1,085,262,463
Financial Investments Available for Sale	5,082,625	5,082,625
Notes Receivable - Long Term	2,316,390,145	1,429,408,400
Projects Under Construction	358,943,678	353,874,855
Advance Payments for Investments Acquisitions	162,806,743	157,806,743
Fixed Assets (net)	315,341,308	329,186,036
Other Long Term Assets	1,390,734	1,390,734
Total Non-current Assets	4,369,335,979	3,487,078,273
<u>Current Assets</u>		
Works in Process	6,169,457,328	5,975,149,080
Cash & Cash Equivalents	169,966,598	111,047,504
Notes Receivable - Short Term	995,007,265	1,273,423,714
Investments at Fair Value	57,059,904	64,351,262
Accounts Receivable	1,357,200,553	1,456,050,650
Suppliers - Advance Payments	623,452,855	340,304,710
Debtors & Other Debit Balances	150,123,767	162,529,345
Due from Related Parties	141,160,163	130,282,380
Advance Payments for Land Acquisition	39,900,551	27,286,499
Total Current Assets	9,703,328,984	9,540,425,144
Total Assets	14,072,664,963	13,027,503,417
<u>Current Liabilities</u>		
Banks - Credit Balances	52,780,265	56,966,978
Banks – Overdraft	55,012,462	226,711,926
Advances from Customers	4,477,912,160	4,145,094,928
Completion of Infrastructure Liabilities	211,947,350	233,975,520
Provisions	8,843,920	8,700,000
Current Portion of Land Purchase Liabilities	75,334,703	134,310,897
Due to Related Parties	663,613,818	644,076,309
Investment Purchase Liabilities	111,300,482	125,108,586
Notes Payable - Short Term	745,464,449	726,317,030
Current Portion of Term Loans	268,939,667	215,083,852
Suppliers & Contractors	656,009,837	305,548,453
Income Tax Payable	65,777,785	65,326,188
Creditors & Other Credit Balances	480,986,498	440,824,684
Total Current Liabilities	7,873,923,396	7,328,045,351
Working Capital	1,829,405,588	2,212,379,793
Total Investment	6,198,741,567	5,699,458,066
<u>Financed as Follows:</u>		
<u>Shareholders' Equity</u>		
Issued and Paid-In Capital	2,696,640,000	2,096,640,000
Legal Reserve	559,040,436	558,109,843
Special Reserve	524,212,885	524,212,885
Retained Deficit	(47,608,318)	(186,722,625)
Net Profit for the Period/Year	134,438,349	238,888,791
Equity Attributable to Equity Holders of Parent Company	3,866,723,352	3,231,128,894
Non-controlling Interest	248,882,982	245,042,204
Total Shareholders' Equity	4,115,606,334	3,476,171,098
<u>Long Term Liabilities</u>		
Land Purchase Liabilities	314,871,366	303,062,799
Notes Payable - Long Term	694,722,858	778,465,893
Deferred Tax Liabilities	5,956,224	5,836,241
Other Long Term Liabilities – Residents' Association	363,396,461	334,404,539
Loans	704,188,324	801,517,496
Total Long Term Liabilities	2,083,135,233	2,223,286,968
Total Equity & Long Term Liabilities	6,198,741,567	5,699,458,066

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About Palm Hills Developments

Palm Hills Developments (PHDC.CA, PHDC.EY) is a leading real estate company in the Egyptian market, primarily focused on developing integrated, self-sufficient communities. Founded in 2005 by Mansour and Maghraby Investment and Development (MMID), the company, which is listed on the Egyptian and London stock exchanges, is among the most trusted names in the Egyptian real estate market. You can learn more about PHD and our projects at www.palmhillsdevelopments.com/

Shareholder Structure as of 30 June 2014



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Forward-Looking Statements

Statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Palm Hills Developments. Such statements involve known and unknown risks, uncertainties and other factors; undue reliance should not be placed thereon. Certain information contained herein constitutes “targets” or “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “seek,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of Palm Hills Developments may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Palm Hills Developments is subject to risks and uncertainties.