

THIRD QUARTER 2014 EARNINGS RELEASE

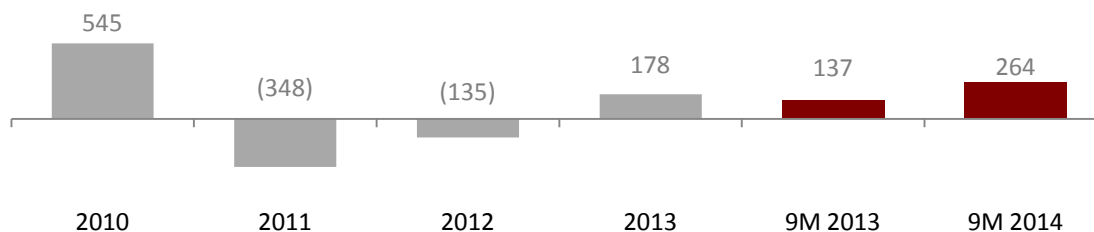
Palm Hills Developments Reports 200% Increase in Gross Sales, Uptick in New Contracts and Deliveries

All key financial indicators are up as Egypt's premier real estate developer reports a strong increase in standalone unit sales at developments in East Cairo, West Cairo and on the North Coast

9M 2014 KEY HIGHLIGHTS — Statutory Financial Results

- **Statutory Revenues** of EGP 1,328.6 million in 9M 2014, a 62% rise from the same period of 2013 despite 9M 2013 figures including one-off revenue of EGP 240¹ million from the sale of the Village Mall
- **Gross Profit** of EGP 510.9 million in 9M 2014 is a 141.4% increase over EGP 211.6 million in 9M 2013; notably, when excluding the impact of the sale of the mall, Gross Profit more than tripled year-on-year
- **Net Profit after Minority Interest** increased 39.6% year-on-year to EGP 264.1 million; setting aside the one-off profit of EGP 52 million from the sale of the Village Mall after Minority Interest records a 92.5% increase over the same period of 2013

Net Profit after Minority Interest (2010-9M 2014, EGP million)²



9M 2014 KEY HIGHLIGHTS — Operational Results

- **Total Gross Sales (Reservations)** in 9M 2014 stood at EGP 2.8 billion against EGP 948 million in the first nine months of 2013, a 200% rise; **Total Net Sales** reached EGP 2.6 billion.
- **Total New Contracts** signed in 9M 2014 were valued at EGP 2 billion, up 175% over the same period of the previous year.
- Launch of new five-pillar strategy focusing on growth with development of recurring revenues; expansion of product portfolio; geographic diversification; rapid delivery of projects; emphasis on profitability.

Cairo, 06 November 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 nine months of 2014, reporting net profit after taxes and minority interest of EGP 264 million on revenues of EGP 1,329 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.

² 2013 profits exclude the sale of the Village Mall for consideration of EGP 59 mn.

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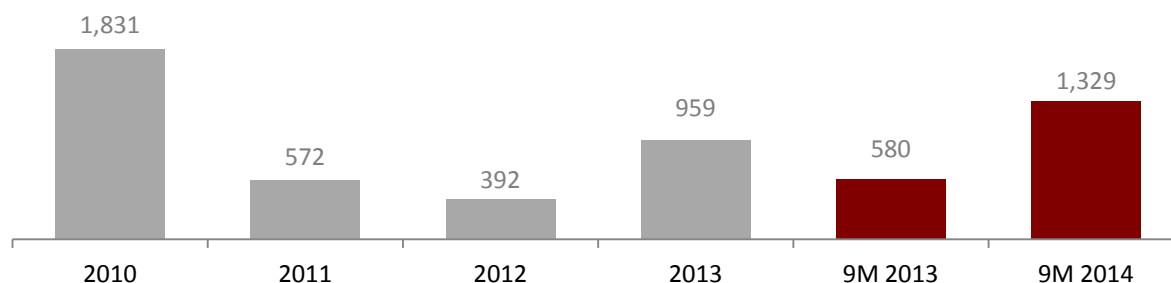
“Our results in the first nine months of this year are truly outstanding, and we are very optimistic for continued success in the coming period, as well,” said Co-Chief Executive Officer Tarek Abdel Rahman. “A number of factors play into this growth which include our successful marketing campaign launched just as consumer confidence began to rebound and more importantly is PHD’s ongoing ability to deliver projects on time and to the high-standards our customers demand. We hold this trust to be truly vital to our ability to operate, and we actively strive to live up to these expectations.”

“Looking ahead, our new strategy is focused on the development of recurring revenue streams, expanding our product portfolio, improving profitability, and speeding up the pace of deliveries,” Abdel Rahman concluded.

Statutory Financials Show Sharp Improvement

Statutory revenues (net recognized sales)³ rose 62% year-on-year in 9M 2014 to EGP 1,329 million. It is particularly noteworthy that our 9M 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 more than two-fold growth of statutory revenues in 9M 2014.

Statutory Revenues (2010-9M 2014, EGP million)⁴



Meanwhile, 3Q 2014 Revenues stood at EGP 487 million, a 368% increase over the 3Q 2013 figure of EGP 104 million. The strong growth in quarter revenues was mainly driven by a hike in sales of standalone units in the Golf Views project as well as North Coast projects — namely Hacienda Bay and Hacienda White I and II. Management also attributes revenue growth to an uptick in construction revenue from the Village, Hacienda Bay, and Casa projects.

The revenue increase translated into a significant growth at the gross profit level, and a 12.7 percentage point jump in gross profit margin to 38.5%. Margin improvement was driven by increased selling prices together with the continued booking of standalone unit sales and hence land recognition, as well as lower land costs of projects.

Although up 215% in absolute terms, SG&A as a percentage of Gross Sales (Reservations) increased by only 0.3 pts compared to 9M 2013. Growth was driven largely by rising sales commissions and marketing expenses associated with ongoing successful national marketing campaign.

³ 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.

⁴ 2013 revenues exclude the sale of the Village Mall for consideration of EGP 240 mn.

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Net Profit after Minority Interest in the 9M 2014 period rose a solid 39.6% year-on-year to EGP 264.1 million. Notably, when the one-off EGP 52 million in profit in 9M 2013 is factored out, Net Profit after Minority Interest actually doubled year-on-year. Bottom line in the current quarter came in at EGP 130 million, a 155% increase over the same quarter last year and reflecting a margin of 27%.

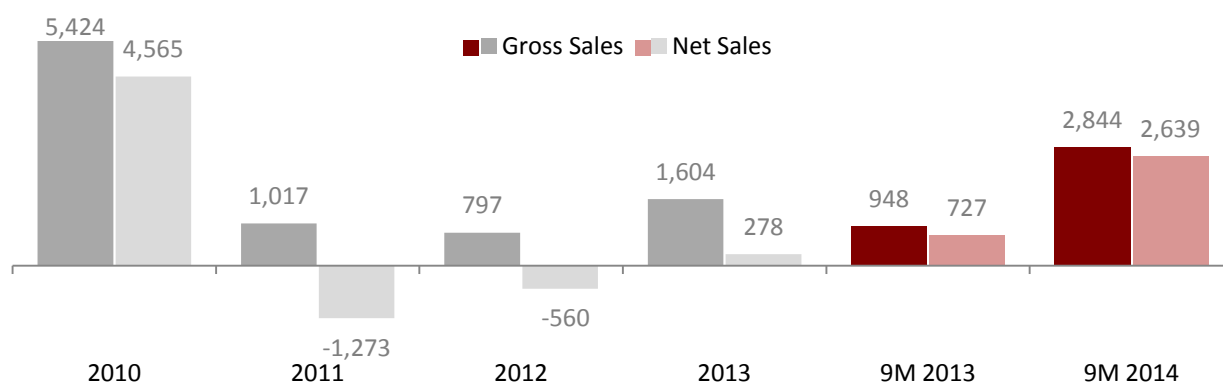
The company's balance sheet has become more robust, as the EGP 2.4 billion syndicated facility has now been approved. The first drawdown of EGP 1,095 million began on October 2, 2014, a portion of which will be allocated to refinance existing bank debt with the balance being utilized in financing construction, infrastructure, marketing, SG&A and land payments for a number of projects — namely Palm Hills Katameya, Golf Views, Golf Extension, Palm Parks and Hacienda White II.

Key Highlights of Operational Performance

1. Continued Strong Sales Momentum

Gross Sales (Reservations), which are not yet recognized as revenues, rose 200% year-on-year in 9M 2014 to EGP 2.8 billion from EGP 948 million in 9M 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 & Net Sales (2010-9M 2014, EGP million)



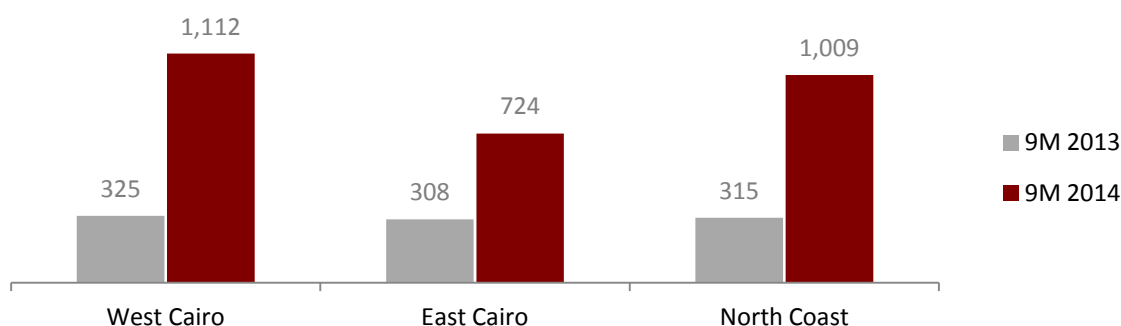
2. Marketing Campaign Reaps Remarkable Rewards

Phase 2 of the successful marketing campaign launched in 2Q14 with the “*building on*” push, along with the later phase of the campaign focusing on raising consumer awareness project-by-project with a prime focus on Hacienda Bay, has been highly successful, leading to unparalleled growth in North Coast Sales to record EGP 1,009 million, representing a 220% increase Y-o-Y.

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Reported Gross Sales (Reservations) by Region (9M 2013 vs. 9M 2014, EGP million)



In addition to the impact of the marketing campaign, North Coast sales also reflect the expected market seasonality. The uptick in consumer confidence in the economy at large is also likely at play, making second homes a more attractive option to those with the liquidity to afford them.

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 Palm Valley — previously known as Village Gardens October — that is currently in the design phase and strategically located on the main 26th of July corridor road in 6th of October City. The expected 1Q 2015 launch of Palm Valley home sales will also be an important revenue driver going forward.

Furthermore, as part of the company's growth strategy, PHD is working to expand its product portfolio by seeking to acquire new land plots in East Cairo for future developments which will allow it to capture opportunities in this high potential area.

Palm Hills Developments' 9M 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	9M 2014	9M 2013	Change
Revenues	1,328,561,697	820,350,282	62.0%
Cost of Revenues	(817,701,479)	(608,746,326)	34.3%
GROSS PROFIT	510,860,218	211,603,956	141.4%
<i>Margin %</i>	38.5%	25.8%	12.7 pts
<u>Less:</u>			
Interest Expenses – Amortization of Discount on Land Liability	(20,838,399)	(5,354,337)	289.2%
SG&A	(191,254,111)	(60,691,197)	215.1%
Administrative Depreciation	(10,215,164)	(8,231,077)	24.1%
EBITDA	348,305,242	253,805,545	37.2%
<i>Margin %</i>	26%	31%	(5 pts)
Club's Net Operating Profit (Loss)	(10,292,526)	(8,961,454)	14.9%
Provisions	(182,400)	(426,178)	-57.2%
Finance Costs & Interests	(47,888,201)	(35,621,150)	34.4%
Interest on Land Purchase Liabilities	(105,680,793)	(56,855,277)	85.9%
Total Expenses	(386,351,594)	(176,140,670)	119.3%
<u>Add:</u>			
Gains on Investments in Fair Value	3,638,859	4,236,739	-14.1%
Interest Income – Notes Receivables Discount Amortization	102,187,600	133,428,878	-23.4%
Interest Income	2,335,997	191,772	1118.1%
Other Revenues	57,530,797	36,736,866	56.6%
Associates' Share of Profit	-	(104,223)	-100.0%
Total Income	165,693,253	174,490,032	-5.0%
PROFIT BEFORE INCOME TAX	290,201,877	209,953,318	38.2%
Income Tax Expense	(7,135,661)	(16,008)	44475.6%
Deferred Tax	(180,000)	(202,412)	-11.1%
NET PROFIT AFTER INCOME TAX	282,886,216	209,734,898	34.9%
<u>Attributable to:</u>			
Equity Holders of the Company	264,134,434	189,229,258	39.6%
Non-controlling Interest	18,751,782	20,505,640	-8.6%
NET PROFIT FOR THE YEAR	282,886,216	209,734,898	34.9%
<i>Margin %</i>	21.3%	25.6%	(4.3 pts)

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Palm Hills Developments Statutory Balance Sheet (Egyptian Accounting Standards)

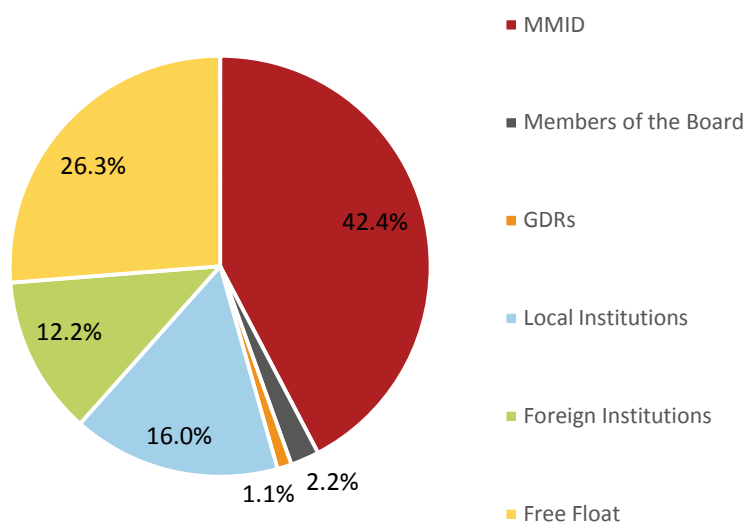
EGP	September 30, 2014	December 31, 2013
<u>Non-current Assets</u>		
Investments in Associates	73,890,626	125,066,417
Investment Property	1,085,976,898	1,085,262,463
Financial Investments Available for Sale	17,494,343	5,082,625
Notes Receivable - Long Term	2,503,605,977	1,429,408,400
Projects Under Construction	362,209,602	353,874,855
Advance Payments for Investments Acquisitions	162,806,743	157,806,743
Fixed Assets (net)	310,593,823	329,186,036
Other Long Term Assets	1,390,734	1,390,734
Total Non-current Assets	4,517,968,746	3,487,078,273
<u>Current Assets</u>		
Works in Process	6,456,254,558	5,975,149,080
Cash & Cash Equivalents	194,621,790	111,047,504
Notes Receivable - Short Term	1,300,717,896	1,273,423,714
Investments at Fair Value	59,293,107	64,351,262
Accounts Receivable	1,269,771,464	1,456,050,650
Suppliers - Advance Payments	428,220,290	340,304,710
Debtors & Other Debit Balances	222,269,425	162,529,345
Due from Related Parties	121,403,846	130,282,380
Advance Payments for Land Acquisition	-	27,286,499
Total Current Assets	10,052,552,376	9,540,425,144
Total Assets	14,570,521,122	13,027,503,417
<u>Current Liabilities</u>		
Banks - Credit Balances	45,562,050	56,966,978
Banks - Overdraft	46,980,625	226,711,926
Advances from Customers	4,800,419,118	4,145,094,928
Completion of Infrastructure Liabilities	166,410,238	233,975,520
Provisions	8,801,224	8,700,000
Current Portion of Land Purchase Liabilities	176,551,740	134,310,897
Due to Related Parties	662,616,191	644,076,309
Investment Purchase Liabilities	100,829,438	125,108,586
Notes Payable - Short Term	847,323,295	726,317,030
Current Portion of Term Loans	587,324,959	215,083,852
Suppliers & Contractors	464,201,049	305,548,453
Income Tax Payable	72,461,849	65,326,188
Creditors & Other Credit Balances	541,924,228	440,824,684
Total Current Liabilities	8,521,406,004	7,328,045,351
Working Capital	1,531,146,372	2,212,379,793
Total Investment	6,049,115,118	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	(107,621,192)	(186,722,625)
Net Profit for the Period/Year	264,134,434	238,888,791
Equity Attributable to Equity Holders of Parent Company	3,936,406,563	3,231,128,894
Non-controlling Interest	253,963,070	245,042,204
Total Shareholders' Equity	4,190,369,633	3,476,171,098
<u>Long Term Liabilities</u>		
Land Purchase Liabilities	312,721,137	303,062,799
Notes Payable - Long Term	453,693,716	778,465,893
Deferred Tax Liabilities	6,016,224	5,836,241
Other Long Term Liabilities - Residents' Association	377,977,785	334,404,539
Loans	708,336,623	801,517,496
Total Long Term Liabilities	1,858,745,485	2,223,286,968
Total Equity & Long Term Liabilities	6,049,115,118	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 September 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.