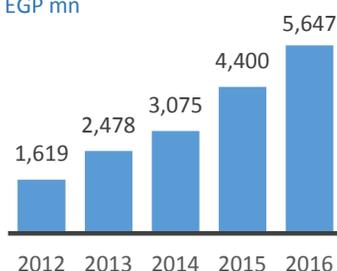


SODIC (“Sixth of October Development & Investment Company”) (EGX OCDI.CA) has released its consolidated financial results for the financial year ended 31st of December 2016

SODIC reports record year; revenues of EGP 2.1 billion up 40% Y-o-Y, net profit after tax of EGP 429 million up 38%, net sales at a new all-time high of EGP 5.6 billion up 28%, timely deliveries of 1,060 units up 47%

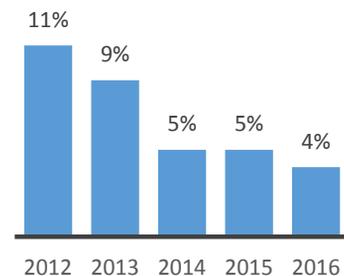
Net contracted sales up 28%

EGP mn



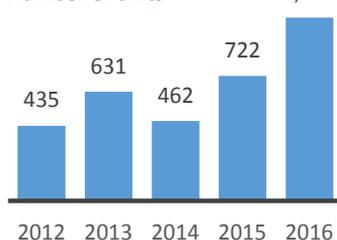
Cancellations at a record low

Pct of gross sales



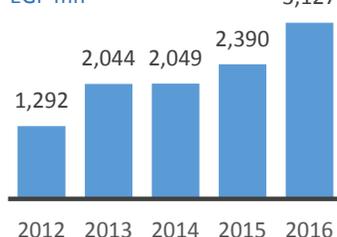
Deliveries up 46%

Number of units



Collections up 31%

EGP mn



Key Highlights 4Q16

- 4Q16 contracted sales of EGP 2.4 billion up 63% on the same period last year
- Cancellations during the quarter declined to a low of 2%
- Collections increased by 26% coming in at EGP 1 billion in 4Q16, with delinquencies at a low of 2%
- 474 units delivered during the quarter up 60% versus 4Q15
- EGP 915 million of recognized revenue, up 57% on the same period last year
- Solid profitability with a net profit margin of 19%, realizing EGP 173 million on the bottom line, up 104% from same quarter in 2015

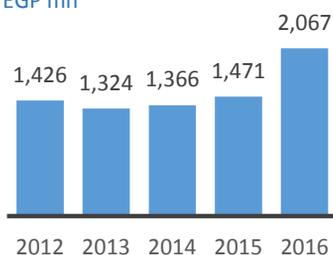
Operational Review

- **Contracted Sales:** SODIC recorded another strong quarter of sales with EGP 2.4 billion of net contracted sales in the fourth quarter, a remarkable 63% growth versus the same quarter in 2015. With only one launch taking place, namely Eastown Parks, the quarter saw a strong uptake for our existing inventory. We ended the year selling 92% of our residential inventory launched during 2016.
- Our net contracted sales for 2016 closed at a record EGP 5.6 billion, reflecting a growth of 28%, with over 1,400 units sold during the year. Our projects in East Cairo accounted for c60% of our sales during the year, followed by SODIC West amounting to 28% of sales with the balance going to Caesar on the Mediterranean North Coast.
- During the fourth quarter and in light of the Central Bank of Egypt's decision to float the EGP exchange rate, and the pursuant inflationary pressures, SODIC took a prudent call to increase selling prices by 20%-30% in November and postpone all the remaining planned launches for the year to 2017. Despite which we have exceeded our guidance for 2016 contracted sales by 17%.
- **Cancellations** for the quarter decreased further to 2%, an all time low reaffirming the strong underlying demand for our products. This brought our cancellations rate for the year to 5%. It is worth noting that cancelled units are returned to inventory, repriced and sold at today's prices achieving higher margins for the company.
- **Cash Collections** reached EGP 1 billion during the quarter, c.26% increase over the same period last year. We have collected EGP 3.1 billion during the year up 31% compared to 2015 while our delinquency rates remained at a low of 2%.
- **Deliveries:** 474 units have been delivered across our projects during the fourth quarter. This compares to 297 units delivered in the same period last year. This brought our deliveries for the year to 1,060 units breaking the 1,000 unit mark for the first time, and also exceeding our target of 935 units. Deliveries in the first phases of Eastown commenced in May 2016 and accounted for 41% of the units delivered during the year.

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Revenues up 40%

EGP mn



Gross Profit

EGP mn



Net profit up 38%

EGP mn



Financial Review

- SODIC recorded EGP 916 million of revenues during the fourth quarter an increase of 57% over the same period last year. Similarly, revenues for the full year period ended December 2016 increased by 40% to reach EGP 2,067 million. The main contributors to revenues growth during 4Q16 and the 12 months ended December 2016 were Eastown Residences and Westown Residences. Deliveries in Eastown Residences commenced in May of 2016 while in Westown Residences 80% of projects units were delivered by the end of the same year.
- Gross profit margin for the quarter reached c.41% compared to c.42% during the same quarter in 2015. Despite the slight decline, Y-o-Y gross margins have largely recovered from the weigh down witnessed earlier in the year as a result of the first units delivered in Eastown Residences. 4Q16 deliveries on Eastown have recorded a gross margin of 28% compared to 18% recorded earlier in the year. It is worth mentioning that Eastown deliveries accounted for 40% of the quarter’s delivered value. Gross profit margin for the full year reached 38% compared to 41% for 2015 reflecting the same trend attributable to lower margin Eastown Residences deliveries for the first phases that occurred during 2Q and 3Q of the year.
- Operating profitability was impacted by two non cash, one off expenses. The first; a reversal of an EGP 51 million gain previously realized on the sale of an investment vehicle. The initial sale was executed in 2010 for an investment vehicle owning development rights to a plot of commercial land in Eastown. The transaction was reversed due to the rezoning of this commercial plot. A new contract is to be signed with the same customer under more favorable terms. The second expense is related to the final impairment of our golf course in Allegria. The expense was recorded at EGP 27 million and concludes the write off of this investment that has added significant value to Allegria’s development and sales.
- These one offs were largely offset by the FX gains of EGP 68 million realized on our USD cash balances.
- Net profit post minority interest for the quarter came in at EGP 173 million with a margin of c.19%, more than double the EGP 85 million recognized for the same period last year. This is attributable to both a strong growth in revenues as well as high interest income. Net profit post minority interest for the full year stands at a record EGP 429 million reflecting a 38% growth in EPS.
- Our balance sheet remains strong supporting our existing project pipeline as well as our land acquisition endeavors. Our cash and cash equivalents balance came in at EGP 2.6 billion while our EGP 2.2 billion of bank facilities have been utilized to only c55% resulting in a positive net cash position at the end of the quarter.
- We maintain healthy leverage ratios with our bank debts outstanding at 0.31 times our total equity of EGP 3.8 billion. Land liabilities continue to decline reaching EGP 1.5 billion versus EGP 2.2 billion at the end of 2015.
- Our backlog stood at EGP 12.6 billion compared to EGP 8.9 billion last year providing strong earnings visibility for the coming three years.
- Receivables reached EGP 9.7 billion by December 2016 reflecting the growth in sales and recording a 42% increment over year end 2015, inline with the growth in contracted sales.

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Summary Consolidated Income Statement

EGP in million	FY16	FY15
Total Revenue	2,067	1,471
Cost of Goods Sold	(1,275)	(862)
Gross Profit	792	609
Gross Profit Margin	38%	41%
Net Profit Before Tax	602	418
Taxes	(161)	(97)
Minority Interest	(12)	(11)
Net Profit After Tax and Minority Interest	429	311

Selected Consolidated Balance Sheet Items

EGP in million	FY16	FY15
Assets		
Total Assets	20,776	16,758
Work In Progress	7,194	7,036
Long Term & Short Term Net Trade and Notes Receivable	9,751	6,886
Cash and cash equivalent	2,571	2,016
Liabilities & Shareholder Equity		
Bank Credit Facilities & Long Term Loans	1,196	1,170
Advances from Customers	12,619	8,882
Total Equity	3,821	3,386

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Outlook

With the devaluation behind us we look forward to a more stable operating environment, we are aware of the challenges ahead for the economy but we believe that challenging operating environments create opportunities for well capitalized and experienced Companies like us with our strong track-record of performing in even the most turbulent of times.

We continue to believe in the depth of the real estate market in Egypt and the value of our brand equity that will continue to set us apart from the competition. During the month of February we successfully launched two new projects in West Cairo; One16 in SODIC West and October Plaza on the 30 acre plot in 6th of October. Both launches have been met with strong demand, despite the different price points for each project. The strong uptake reaffirms the strength of demand across our target segments and the fact that our products continue to enjoy the market’s favor.

Our plans for 2017 are big as we will be launching four new projects. Aside from the two projects introduced earlier this month we will be releasing the first offering on our co-development agreement with Heliopolis Housing during the second half of the year. In addition, Aurea the last residential project in SODIC West will be launched. 2017 will also see the introduction of multiple family units in Villette and we will continue to roll out on Eastown Residences.

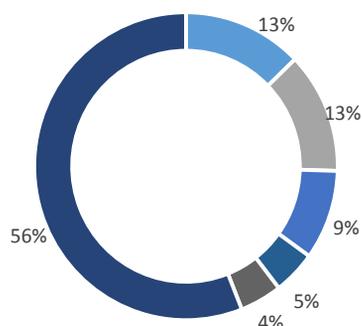
We will be targeting EGP 5.6 billion in net contracted sales in 2017 and we expect to continue our timely delivery of 1,150 units across our projects.

There is no doubt that the devaluation has put pressure on our supply chain. However our long term relationships with our suppliers have ensured that we have been able to work through these issues with little disruption to our business. Our selling prices have increased beyond the initial 20%-30% increase effected in November. The push was cost driven but nonetheless well received by the market enabling us to recap most of the margin erosion on our backlog of units under construction and maintaining our overall projects profitability targets.

A key driver of our growth over the past three years has been our successful land acquisition strategy, and we continue to replenish our land bank diversifying beyond our stronghold markets of West Cairo and East Cairo. We continue to seek new land opportunities in 2017 supported by our highly liquid balance sheet. Our focus is on West Cairo and selectively on coastal plots to complement our strong primary homes offering with coastal second homes.

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Shareholding Structure as at 31/12/2016



- Abanumay Family
- Olayan Saudi Investment Company
- Ripplewood Advisors
- Rashed Al Rashed & Sons Co
- EFG Hermes
- Others

About SODIC

Building on a history of almost two decades of successful operations in Egypt, SODIC is one of the country’s leading real estate development companies, bringing to the market award-winning large scale developments to meet Egypt’s ever-growing need for high quality housing, commercial and retail spaces.

Headquartered in Cairo and listed on the Egyptian stock exchange (EGX) under OCDI.CA, SODIC is one of the few non-family owned companies traded on the EGX, with a strong corporate governance framework.

Forward Looking Statements

Statements contained in this document that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of SODIC. 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 SODIC may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of SODIC is subject to risks and uncertainties. Various factors could cause actual results to differ materially from those expressed or implied by the forward-looking statements in this document including worldwide economic trends, the economic and political climate of Egypt, the Middle East and changes in business strategy and various other factors.

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