ANNUAL REPORT 2015

EXPANDING HORIZONS
VISION

Become a regional master developer of international standard mega-communities by designing and implementing a world-class, master-designed, developed, and controlled community model in our flagship development on the Red Sea, Sahl Hasheesh. We aim to redefine every aspect of Egyptian urban planning using benchmarks and standards employed by the world’s leading international communities and developments.

MISSION

Make our shareholders proud of the company’s standards, reputation, operational performance, and financial performance by creating memorable destinations and being a reliable partner to our sub-developers and investors.
ERC: A Brief Overview

AT A GLANCE

ERC offers its sub-developers a unique value proposition – the only professionally master developed and managed fully-integrated resort community on the Egyptian Red Sea coast – while promoting the creation and delivery of a world-class experience for end-users of its developments.

ERC derives revenues from three clear streams: (1) the sale of land plots to sub-developers; (2) the development of strategic real estate projects; and (3) the sale of utilities and community management services.

ERC Shareholder Structure

- KATO Investment 11.96%
- First Arabian Company 10.00%
- Rowad Tourism Company 9.05%
- Al Ahly Capital Holding 9.00%
- Mist Insurance 8.05%
- Mist for Life Insurance 6.96%
- Orascom Development Holding 4.5%
- Free Float 40.48%

As of end of fiscal year 2015
Sahl Hasheesh:

A Seaside Resort Community on the Red Sea

Location:
- 18 km south of Hurghada International Airport
- 22 km south of Hurghada City Centre
- 475 km from Cairo
- 250 km from Luxor and the Valley of the Kings

Unique Characteristics:
- 32 million m² / 3,200 hectares in size
- An all sea-view resort – land elevations rise gently from sea level to 120 meters at the western edge of the resort
- 12.5 km shoreline / 9 km swimmable beach engulfed in a protected bay
- Year-round destination with moderate-to-hot weather, low humidity, and calm waters

The Sahl Hasheesh Master Development:

Economic Value Upon Completion*
- USD 110 mn land acquisition value
- USD 1 bn estimated annual revenue inflows to Egypt from the projects
- EGP 200 bn total direct investments
- EGP 285 bn future tax returns
- A comprehensive international resort community that can accommodate 250,000 inhabitants
- 100,000 direct employment opportunities
- 25,000 hotel rooms
- 25,000 residential units
- 850,000 m² commercial and entertainment space

*As of end of fiscal year 2015
MANAGEMENT REVIEW
Dear Shareholders,

It gives me great pleasure to address you in the opening pages of this year’s Annual Report. The last 12 months were interesting, to say the least. As wrought with challenges as they were, they also afforded us many opportunities to demonstrate the buoyancy of a strategy that has and continues to carry us through the most difficult of circumstances.

While the year began on a high-note with the successful Egyptian Economic Development Conference (EEDC) in March laying down the prospects for long-term economic growth, immediate challenges remained ever-present. Egypt’s tourism sector, just as it was beginning to show signs of real recovery, was hit hard in the fourth quarter when a Russian airliner crashed after taking off from Sharm El Sheikh, raising security flags around the world and prompting many key inbound markets to ban travel to Egypt. That, coupled with a sharp shortage in foreign currency, had major implications on business activity and hampered growth across many industries.

It was amid these trials, however, that much was also accomplished. Over the course of the year, 19 MoUs signed during the EEDC materialized into actual contracts, collectively worth some USD 58 billion and mostly focused on much-needed investment in infrastructure in key sectors like healthcare, education, and public services. This promising success from the first conference also gave rise to talks of others in 2016 and beyond, as confidence is high that Egypt’s economic challenges are easing. In fact, it is during such trying times that both confidence and a drive for investment must remain strong to position ourselves to capture the gains of the inevitable rebound.

These are not just words on paper, but actions on the ground. The year just ended saw ERC begin to reap the fruits of a patient and careful strategy of building a real community in Sahl Hasheesh. It was during this transformative year that we continued to capitalize on the pool of human and capital resources to achieve development milestones, create successful campaigning, and capture market opportunities. These steps allowed us to build a full-fledged residential community and top-tier hospitality destination, positioning Sahl Hasheesh as the new “place to be” on the Red Sea as we expanded our focus to a wider client base and continued to invest in our business.

Over the course of the year, we had continued our pursuit of long-term value for our shareholders by investing heavily in the development of infrastructure and fostering value-adding partnerships that are helping us realize our primary goal of turning Sahl Hasheesh, ERC’s flagship development, into a full-fledged year-round residential community that caters to first- and second-home owners as well as domestic and international tourists.

This year, ERC executed unprecedented land sale contracts to sub-developers who will bring key amenities and attractions meant to solidify Sahl Hasheesh’s positioning as an attractive destination for holidaymakers and year-round residents alike. Our plans for the future include a school and a university, a theme and aqua park, a hostel, and other residential developments. Additionally, the year also saw us receive the green light from the TDA to start developing the much-anticipated Sawari Marina project and also begin to market our up-and-coming Tawaya project with Palm Hills Developments.

With the current absence of the international tourist, our marketing efforts had targeted select domestic visitors through numerous events and activities – from music festivals to sporting events – that have seen the community steadily gain in popularity amongst our target local audience. Today, and despite lower-than-average numbers, still the Red Sea coast continues to boast the highest occupancy rates in Egypt, standing at a 64% average in 2015 and boding well for the area once tourism makes it slow but sure recovery.

I would like to extend my gratitude and thanks to our dedicated team of board members and leaders for their expert guidance; our shareholders for their confidence; and our sub-developers for their unyielding resilience and optimism. Without that support, ERC’s successes would have not been possible. I remain optimistic about what lies ahead and I truly believe that Egypt’s future holds promising things for all those who have remained patient and hard-working during the difficult times.

Mr. Adel Hammad
Chairman of the Board
This year’s annual report is bittersweet on a personal level as I look back not just on our company’s achievements in the year, but at the progress we have made since I became Chief Executive Officer in January 2010. By the time you read these words, I will have stepped down as CEO and joined the Board of Directors as Vice-Chairman, handing my duties to former board member Wael El-Hatow as I return to KATO Investment, my family’s business and an ERC shareholder, as Vice-Chairman and CEO.

Taken on the whole, 2015 was a rewarding year for ERC, in which our team built on the success of our own brand developments and capitalized on the return of sub-developer appetite for land to deliver a decisive return to profitability. We are thus fortunate to have begun 2016 from a position of strength after the tragedy of Metrojet Flight 9268, which crashed in the Sinai on 31 October 2015, leading our industry once again face stiff headwinds. The disaster saw key inbound nations impose a ban on direct flights to Egypt, helping send total international tourist arrivals to Egypt down 6%-year-on-year to 9.3 million visitors for the year.

If there’s one lesson we have learned since 2011, it is how to manage the growth, development and marketing of Egypt’s premier Red Sea community amid adversity that is entirely unrelated to our city. We will call upon these lessons once again as we wait for macro conditions to improve and tourists to return: We will continue to develop our own assets within Sahl Hasheesh, we will invest in infrastructure and assets that add value to our community, and we will continue to position Sahl Hasheesh as the most desirable vacation and second-home destination for a captive market of millions of Egyptians who are seeking domestic alternatives to international travel.

Key achievements of 2015
Among the most important developments of 2015 were our receipt of regulatory approval from the Tourism Development Authority (TDA) to redefine the boundaries of Sahl Hasheesh’s Phase 2 to include the full 1.1 million square-meter initial phase of our proprietary Sawari Marina project. Sawari is set to become the premier marina on the Red Sea and the crown jewel of Sahl Hasheesh; it will also put ERC on track to book significant revenues once deliveries start. We also began last year sales of the Tawaya apartments in Old Town, in partnership with Palm Hills Developments, with 20% of available units selling out in the initial sales phase.

On the land sales front, we recorded USD 71.9 million in 2015, most of which have been recognized as sales in 2015. In parallel, we continued to invest considerable resources into developing Sahl Hasheesh’s reputation as the hottest destination on the Red Sea coast for domestic holidaymakers. This included an expanded program of sporting events, a full calendar of our traditional summer Boardwalk beach parties and the launch of one of the largest music festivals to ever take place on the Red Sea, “Blurrfest.”

Here, our second annual triathlon — organized by Cairo’s Trifactory Club — saw 400 athletes from 11 countries compete in swimming, cycling, and running over the course of two days. For the first time ever, in December, ERC hosted and helped organize its first national equestrian event, a three-day showjumping competition that saw over 250 riders compete in front of some 800 guests.

Together, these activities have ensured Sahl Hasheesh continued to enjoy average occupancy and room rates among the highest in the Red Sea region (which in turn largely outpaced the whole of Egypt). We are widening this advantage in 2016 with an elegant, 360-degree national marketing campaign developed in partnership by DDB to market the Sahl Hasheesh lifestyle. The campaign includes print, billboards, social media, television and radio under the banner of “Change” and has received a very warm reception from our target audience. And we will continue to widen our lead as the top destination on the Red Sea in May 2016 when we welcome the American Ninja Warrior crew to Sahl Hasheesh—a first for our city and for the country at large.

Further afield, we continued in 2015 to invest in the recovery of our industry, participating once again in the World Travel Market expo in London with a new booth and novel material to present to global travel industry leaders. Moreover, we sponsored the African Hotel Investment Forum (AHIF), which took place this year in the Ethiopian capital of Addis Ababa. The AHIF is a prominent conference and considered the largest annual tourism and hotel investment conference in Africa, bringing together hundreds of local, regional, and international investors and operators to discuss ways to push touristic development in the region.

On continuity and new beginnings
As I prepare to hand over to Wael, I am and always will be, eternally grateful for the opportunity I was given to play a part in the development of this truly unique vision—turned-reality: The creation of a fully-integrated model city on the shores of the Egyptian Red Sea. It is an endeavor I am confident Wael will guide to new heights as he continues where I leave off and looks to innovate in our business model going forward.

In the past five years, we have sailed — with grace, high spirits, and operational and financial integrity — through the toughest years in the history of the Egyptian tourism industry. Despite remarkable challenges, we achieved a great deal. Among many things, I would like to highlight:

- Sahl Hasheesh finalizing a new master plan for its 32 million square-meter destination (two-thirds the size of Manhattan), having worked with eight world-class consultants to do so;
- Sahl Hasheesh growing from a resort with c. 1,000 operating hotel rooms and 600 delivered residential units to an integrated community with more than 3,000 operating hotel rooms and over 1,600 delivered residential units;
- Sahl Hasheesh becoming the Red Sea’s destination of choice for tour operators, developers, and holiday goers alike;
- Sahl Hasheesh launching Old Town — today the destination of choice for a day on the beach;
- ERC maintaining its debt-free policy and delivering on all infrastructure obligations; and
- ERC delivering its strongest financial performance ever in 2015, with record sales, gross profits and collections.

We have designed and implemented a full restructuring of the company, building in the process a strong, proactive, continuously-improving executive team with a clearly communicated strategy, plan, and set of priorities. The company is continuously pushing the envelope to operate based on systems and processes that support the delivery of results independent of any single person in the company.

ERC and Sahl Hasheesh could not be more ready to capitalize on the industry’s inevitable recovery.

I look forward to serving ERC in a non-executive capacity and I am grateful to maintain my bond with the company. I am humbled to have been asked by our board to serve as Vice Chairman, and I pray I will continue to live up to their expectations.

Mohamed Kamel
Chief Executive Officer (January 2010–May 2015) and Vice-Chairman
Management Review: Our Strategy

OUR BUSINESS MODEL & STRATEGY

The company pursues an integrated, full-cycle development strategy. It acquires broad acre land holdings suitable for premium mega development at nominal value, creates a master plan with some of the world’s leading architectural and urban planning firms, builds state-of-the-art infrastructure, implements design guidelines and community management rules and regulations, and then on-sells individual pre-designated plots to sub-developers and investors whose main businesses range from hotel ownership, operation, and management, to luxury residential real estate development.

Land Sales
Unlike most developers, ERC focuses on the macro development of infrastructure and the subsequent sale of project-defined land parcels to qualified developers who will bring key amenities and attractions to Sahl Hasheesh. The timing of land sales — which tend to be large, strategic plots — to value-adding developers is based on a strategic assessment that balances current supply and future demand for real estate and hospitality products. ERC targets a healthy pace of land release so as to preserve the value of its residual land bank as well as the returns on the investments of sub-developers.
Strategic Real Estate Development
ERC builds and manages, directly or through subsidiaries, a number of strategic one-of-a-kind assets within the community to ensure the presence of a base supply of property units and critical amenities and provide a quality-control framework for other sub-development projects. ERC is developing what will become the premiere marina in Sahl Hasheesh, Sawari, and also continuously develops the commercial downtown core for each master-planned phase of the development.

Recurring Revenue: Utilities
ERC is the exclusive utilities provider through extensive investment in state-of-the-art infrastructure, including: water desalination plants, a sewage treatment plant and its supporting lift-pump stations, electricity substations and distributors, and the latest generation fiber optic networks. ERC has also embarked on its plans to bring renewable energy into the mix, signing an agreement with the Egypt-based KarmSolar to build a USD 2.5 million cutting-edge solar energy installation with a minimum generation capacity of 2 MW, as part of the company’s commitment to environmental sustainability in Sahl Hasheesh. Utilities represent a steady growth stream of revenue for ERC that matches the community’s pace of development.
Recurring Revenue:

Community Management Services
Complementing the utilities business, ERC’s strategic model also includes community management services as a revenue stream based on a cost-recovery model. ERC provides the full array of community services to its residents including security, waste management, public area and beach maintenance, cleaning, community brand and reputation management, and quality and design control.

Future Expansion
Although ERC’s present operational focus is on the development of Sahl Hasheesh, the company continues to target a position as the region’s leading master-developer. The institutional skill sets and best practices developed on the Red Sea coast are equally portable to other large-scale mixed-use, industry-based or agriculture-based communities, both locally and internationally.

Adapting to a Fluid Outlook
At Sahl Hasheesh, developers continue to deliver on their projects. This has led to an increase in revenue to ERC from the sale of utilities.

Additionally, management has decided to focus its efforts on the following strategic opportunities:
1. Growing strategic real estate projects: Sawari Marina, Tawaya, Old Town commercial center, and Jamaran villas are key projects that drive ERC’s second revenue stream, increase Sahl Hasheesh’s attractiveness and encourage widespread development.
2. Soft Destination Marketing: Adopting a pull-marketing approach has helped position Sahl Hasheesh as the destination of choice for visitors as well as encouraged developers to resume investment as second home purchases and tourism activity regain momentum.
3. Expanding land sales to key developers: Attracting investments through products tailored to developers’ needs remains the main revenue driver for ERC.
4. Contingency Planning: In the unlikely event that the TDA does not reverse its withdrawal of the Phase 3 land area, ERC has been actively building the capacity to shift the business model from a pure master developer to a B2C developer with approximately 2.7 million m² available for development over the next 9–12 years. Tawaya and Jamaran are the first two products of ERC’s B2C expansion.
Management Review: Our Current Market

Comprehensive mega-resort developments are long-term projects that have to keep in step with tourism and real estate market needs in order to remain financially viable.

Our Current Market

Egypt was faced with a number of difficult circumstances in 2015, beginning with a severe shortage in foreign currency that affected many businesses across the board and ending with a major setback to the tourism industry following the crash of a Russian airliner after its takeoff from Sharm El Sheikh International Airport in November. The incident gave rise to much global concern about Egypt’s safety levels, spurring reactions from the international community that saw severe measures, such as travel bans and the temporary suspension of flights to the country, imposed on Egypt in the final quarter of the year.

As such, tourism figures – following a substantial period of gradual recovery – witnessed a decline, with arrivals down 6% y-o-y in 2015 to 9.3 million tourists and revenues reflecting an even higher drop of 19% to USD 6.1 billion. The average number of nights spent dropped as well to about nine nights per tourist.

As has been the norm in recent years, the Red Sea – which represents 31% of Egypt’s total hotel capacity – enjoyed substantially higher occupancy rates than the rest of the country, standing at 64% at the end of the year. The Red Sea coast’s tranquil atmosphere and year-round warm weather have always been the area’s major selling points, attracting both foreign and domestic tourists and visitors. ERC’s marketing efforts in recent years have concentrated on attracting both types of tourists, but specific focus was placed on encouraging a select group of Egyptians to explore the vacation possibilities offered by their own country.

Our destination marketing plans and full calendar of events and activities have driven increased tourist traffic to Sahl Hasheesh, but more importantly this year was the return of sub-developer appetite for value-adding land acquisitions and capital-intensive developments, as a sign of confidence in an inevitable sector recovery.

Adverse conditions have and will always pose challenges for economies worldwide, but they also serve as fertile ground for long-term investments. This year, and despite the setbacks, a number of indicators foreshadowed the gradual and eventual return of stability to the Egyptian market, including increased investor interest – a prerequisite for the return of tourism. For instance, 19 MoUs signed during the Economic Development Conference last March have already materialized into actual contracts, mostly centered around infrastructural development in key sectors such as transportation, education, and public healthcare.

We believe that a full market-wide rebound is imminent and that ERC is well positioned to successfully capitalize on the sector’s recovery.
EVENTS

In 2015, ERC had a full calendar of events and activities, including a few “firsts,” which ranged from conferences, to sporting events and beach parties – all as part of the company’s ongoing efforts to attract visitors looking for a safe and fun place to relax on the Red Sea coast.

The World Travel Market (WTM) Expo in London in November 2015 saw ERC make a consecutive return, with a new booth and new materials to present to travel industry leaders from around the world, as part of company efforts to market Egypt and the Red Sea coast to international tourists and holiday-makers.

The African Hotel Investment Forum (AHIF) took place in the Ethiopian Capital of Addis Ababa in Q3 2015. The AHIF is the largest annual tourism and hotel investment conference in Africa, where hundreds of local, regional, and international investors and operators gather to discuss ways to drive touristic development in the region.

The Sahl Hasheesh Triathlon was held in December 2015 for the second consecutive year and saw 400 athletes from 11 countries led by Cairo’s Trifactory Club compete in swimming, cycling, and running over two days.

A National Equestrian Championship was hosted in Sahl Hasheesh in December 2015 with great success; the three-day showjumping competition had over 250 riders competing in front of some 800 guests in attendance for the competition’s finals.

The Annual Boardwalk Beach Parties resumed in July 2015 and ran until October, with a weekly event held on Sahl Hasheesh’s gorgeous beaches each Friday. This year’s series featured renowned international DJ Axel Fowley.

Blurrfest was hosted in the Sahl Hasheesh landmark Arrivals Piazza in September 2015 and was one of the largest music festivals to ever take place on the Red Sea coast. The festival featured a number of local and international DJs and took place over the course of two days.
THE HISTORY
OF ERC’S SAHL
HASHEESH
COMMUNITY

1995
- Land acquired for first project — Sahl Hasheesh — at an average price of USD 1.32/m²

1996-1997
- Incorporation, concept development and master planning for Phases I and II by RTKL

1998
- First plot sold for USD 37/m²

1999-2003
- Infrastructure work begins with Flechtel as project manager
- Aggressive marketing to counter tourism industry crash
- Appreciation of overall financial climate led to practical and market-leading sales terms and development schedules

2004-2007
- Unprecedented sales success based on relationship marketing and private round-table discussions

2008-2009
- First regional four-star hotel begins operations
- Sahl Hasheesh community management vision takes shape
- Phase III master planning process begins
- ERC begins considering additional land holdings to replicate business model
- New management augments existing internal structure taking company to next level in its lifecycle — key support functions included in HR plan
- Detailed development of community services and utilities reticulation model
- Third regional five-star hotel begins operations
- The Old Town receives its first tenant
- Focus on completing key strategic assets — ERC signs with leading global developer Orascom Development Holding (ODH) to develop the Sawari Marina at Sahl Hasheesh. ODH also takes equity stake in ERC
- Jamaran villas project launched on sea front land plot

2010-2012
- The company ramps up marketing efforts with a view to capturing increased market share as the tourism recovers
- ERC signs a beach and restaurant management agreement with Italian investment group Lu Lu
- ERC signs an exclusive contract to provide transportation within Sahl Hasheesh. ERC also signed a non-exclusive contract to provide car rentals and a bus service
- ERC signs on the first hospital / wellness facility

2013
- ERC’s Jamaran sells out, earning the company EGP 100 mn in unit sales
- Company achieves USD 11.4 mn in land sales

2014
- ERC and Palm Hills Developments jointly launch Tawaya, a beachfront apartments project in Sahl Hasheesh
- ERC receives regulatory green light to redefine the boundaries of its phase 2 and begin developing the Sawari Marina project with partner Orascom Development and Management
- KarmSolar signs an agreement with ERC to begin building a solar-powered electrical power station

2015
- Company achieves unprecedented land plot sales
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ERC Master Development:

SAHL HASHEESH
SAHL HASHEESHT Extensive residential project is presented with a wide array of facilities and amenities, including hotels, residences, golf courses, sports clubs, and comprehensive community services including city administration, hospitals, schools, universities, and research centers, all powered by a diverse workforce that forms an integral part of the Sahl Hasheesh community and is supported by a substrate of SME activities.

**The Sahl Hasheesh Vision**

The Sahl Hasheesh concept revolves around establishing a self-sustaining, year-round resort community on the Red Sea coast, equipped with full facilities and infrastructure, with minimal dependence on government resources. Sahl Hasheesh is to provide a full spectrum of amenities and attractions, including: hotels and residences, golf courses, sports clubs, along with comprehensive community services including city administration, hospitals, schools, universities, and research centers, all powered by a diverse workforce that forms an integral part of the Sahl Hasheesh community and is supported by a substrate of SME activities.

To accomplish this vision, ERC has contracted leading global consultants to analyze and adopt the best development practices and ideas from successful international resort communities, setting a new benchmark for the planning of Egyptian resort cities.

In developing Sahl Hasheesh, ERC is responsible for:

- Urban Planning
- Design Guidelines and Conditions
- Development and Enforcement
- Infrastructure Investment
- Strategic Asset Development and Management
- Maintenance and Community Management
ERC acquired the Sahl Hasheesh land bank in 1995, and has, over the years, developed strategic partnerships with leading global consultants to develop and manage the community according to the highest international standards. ERC planned and directed the development of Sahl Hasheesh in such a way that saw the weighted average price (WAP) of its land bank reach a high of USD 143 per square meter.

With stunning and modern four- and five-star hotels, luxurious and affordable apartments, a beautiful downtown waterfront, unforgettable dive sites, golf courses, and a world-class marina, Sahl Hasheesh is on-track to become one of the most exclusive spots on the Red Sea.

Nestled in the spectacular surroundings of Sahl Hasheesh, hotels and apartments with direct beach access are continuously being developed and made available for short-term stay, purchase or lease. The resort’s hotels, including the Old Palace, Pyramisa Sahl Hasheesh, Premier Le Reve, Premier Romance Tropitel, and Baron Palace are consistently ranked within Trip Advisor’s list of the top 10 Red Sea hotels and offer vacationers the best value-for-money on the Egyptian Red Sea coast. The highest quality flats at the Old Town, Azzurra, Veranda, Palm Beach Piazza, Paradise Gardens, El Andalous and Ocean Breeze offer second-home buyers and investors a first-rate price/performance ratio. Short flight times from all European capitals, a warm climate throughout the year, and the government’s commitment to expanding the tourism industry promise dynamic growth in tourist arrivals and Red Sea real estate prices in the coming years.

The Development of Sahl Hasheesh

Phases 1 and 2 of Sahl Hasheesh are presently home to 1,554 residential units and 3,192 hotel rooms and suites managed by brands that include Premier Le Reve, Premier Romance, Pyramisa Sahl Hasheesh, and Tropitel. In addition to the completed hotels and residential neighborhoods, 39,738 square meters of commercial, retail and entertainment property are developed for lease.

The quality of the developments completed thus far and the promise of an excellent long-term return on investment continue to form the basis of negotiations with industry-leading brands, such as Palm Hills Developments, with whom ERC is developing and marketing the Tawaya beachfront apartments project.

Recent Developments

In 2015, ERC signed a number of notable partnership agreements and continued its pull-marketing campaign and infrastructure development at Sahl Hasheesh.

Highlights include:

- Signed land sale contracts in 2015 that included a number of capital intensive pieces of community infrastructure - such as a school, a university, and a hostel - as well as major attractions like a world-class theme and aqua park.
- Signed a long-term land lease contract with renewable energy front-runner KarmSolar to build a USD 2.5 million solar energy installation with a minimum generation capacity of 2 MW on a 50,000 m² land plot, located far from existing residential developments. KarmSolar has right to use the land for a period of 27 years, during which time ERC will be entitled to a 2% share of revenues, as mandated by the government’s feed-in tariff (FIT) program.
Continued our proactive pull-marketing efforts designed to appeal to select Egyptian tourists, drawing in an increasing number of domestic visitors.

In May 2016, Sahl Hasheesh was proud to host the international television series Ninja Warrior to film the latest edition of the franchise, Ninja Warrior Arabic. The two-day event featured a press conference, live course demonstration and a gala dinner attended by celebrities and including a performance by Nancy Ajram.

On the Horizon
ERC is in the process ofcommencing the development of Phase 1 of the Sawari Marina. 2015 saw the company update master plans and feasibility studies for the 1.1 million square meter development, in addition to renewing licenses and government approvals necessary to open sales to the market in 2016 or early 2017. The project is set to be developed over the course of seven to nine years and is poised to become the premier marina on the Red Sea coast and the crown jewel of Sahl Hasheesh. The first phase will center around a world-class yacht club and marina with room for more than 330 boats and yachts of up to 60 meters in length. This phase will also include more than 1,000 villas and apartments along the marina basin and lagoon, as well as an extensive pedestrian promenade featuring more than two kilometers of boutique shopping, fine dining and cafés as well as nightlife and entertainment venues.

ERC’s subsidiary Sahl Hasheesh Company (SHC) is also co-marketing seafront residential apartments with industry leader Palm Hills Developments.

Infrastructure: Phases 1 & 2
Creating comprehensive networks of state-of-the-art infrastructure lies at the core of ERC’s development framework and business model as showcased at its flagship resort community of Sahl Hasheesh. By controlling the provision of essential utilities at its communities, ERC ensures the highest standards of service delivery, while securing an important revenue stream and providing sub-developers with attractive plug-and-play services.

Infrastructure works for Phases 1 and 2 of Sahl Hasheesh have been completely self-funded by ERC and include an extensive road network with complete roadside and public service area lighting systems, thorough water supply, irrigation and water treatment facilities, reliable electric power distribution networks, and cutting-edge communication systems.

Roadways and Lighting System
- Connected the development to public roads; north with the Hurghada-Safaga highway and south with Makadi Bay highway
- 42 km of internal roadways
- 12.5 km seaside promenade
- Complete lighting network for roadways and public service areas

Water Supply
- 14,000 m³/day desalination plant
- 31,283 m long water supply network
- 12,000 m³ of water storage capacity

Sewage Treatment & Irrigation
- 7,500 m³/day sewage treatment plant
- 8 lift pump stations
- 14,085 m long main sewage network
- 26,068 m of gravity pipeline
- 16,994 m long irrigation system
- 115,317 m long surface irrigation network
- 6,000 m³ of irrigation water storage capacity and a 6,000 m³/day pump stations

Electricity
- 20 MVA through El Canal Company for Electricity Distribution
- 126,478 m long power network in 5 radial loops to serve Phases I and II
- 57,207 m of cables to light up the resort’s road network
- Received a permit to establish a 220/66 kV substation with a production capacity of 125 MVA to cover future power requirements
- Licensed power distributor within Sahl Hasheesh since 2012

Communication and Information Technology
- 13,000 m long main optical fiber backbone network
- 4,500 m long sub network
- 13 cellular towers supporting three mobile operators
- Leading IPTV, Video on Demand (VOD) service provider, iBAHN, serving all elected projects
- TEVOTECH offering triple-play broadband services to sub-developers
- TEVOTECH, Link dot Net and Noor offering high-speed internet services to sub-developers

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Upon Project Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Rooms</td>
<td>Delivered: 3,392</td>
<td>Projected: 25,000</td>
</tr>
<tr>
<td></td>
<td>Under Construction: 6,300</td>
<td></td>
</tr>
<tr>
<td>Residential Units</td>
<td>Delivered: 1,554</td>
<td>Projected: 25,000</td>
</tr>
<tr>
<td>(villas / apartments)</td>
<td>Under Construction: 670</td>
<td></td>
</tr>
<tr>
<td>Entertainment and Retail Space</td>
<td>Retail: 39,738 sqm</td>
<td>Projected: 850,000 sqm</td>
</tr>
<tr>
<td>Sahl Hasheesh Population</td>
<td>4,500 (est)</td>
<td>Projected: 200,000-270,000</td>
</tr>
<tr>
<td>Total Number of Projects under construction (hotel &amp; residential)</td>
<td>16</td>
<td>Projected: 181</td>
</tr>
</tbody>
</table>
**STRATEGIC PROJECTS**

**The Sawari Marina**
- This landmark project was planned by renowned resort planners WATG
- The first phase of the project will accommodate up to 330 yachts of up to 60 meters in length, two five-star hotels, and one four-star property around the marina basin
- Phase 1 will also feature more than 1,000 villas and apartments along the marina basin and the lagoon, in addition to a two-kilometer long pedestrian promenade featuring a number of boutiques, restaurants, cafés, and nightlife entertainment venues

**Tawaya**
- Announced in early 2015, Tawaya will consist of residential and commercial space in Old Town, to be developed together with Palm Hills Developments
- The project will include 147 beach-front apartments with a total built-up area of 14,262 square meters
- The project is now fully constructed and finishing will be completed over the coming 12-18 months

**The Arrivals Piazza**
- The 10,000 sqm Arrivals Piazza lies at the heart of the resort directly overlooking the sea, creating a daytime and nighttime attraction
- The facility can accommodate 15,000 visitors or a 2,500-person dinner gathering, and currently hosts mega weddings and events

**Old Town: Phase 1 Mixed-use Center**
- The first phase covers 14,689 sqm with a built-up area of c. 44,000 sqm across eight buildings
- In addition to being home to the Tawaya project, which contains 147 residential units, Old Town also houses 119 retail outlets, which include 117 shops, a spa and a pub, 23 food and beverage outlets and three cinemas

**The Pier**
- This iconic structure extends seawards for 489 m and approvals have been obtained to dock visiting boats there, with a capacity of 9 medium-sized yachts
Phases 1&2: TOURISTIC AND RESIDENTIAL PROJECTS

Land plot sales to value-adding sub-developers is the primary source of revenue for ERC. Land plot usage is determined by ERC in accordance with the overall master plan and sales are planned in the best interest of the community and ERC’s strategic market outlook. To date, approximately 77% of the total land available for sale in Phases 1 and 2 has been sold. The projects to be set up on these plots include 23 hotels, 22 residential projects, two golf courses, three commercial projects, the marina, a school and a university.
Phases 3: OUTLOOK

The development of the Phase 3 master plan has entailed revisiting some aspects of the first two phases to enhance continuity between all phases and achieve the ultimate project goal of developing a truly comprehensive international resort community that can accommodate 250,000 inhabitants.

Phase 3 covers an area of 20 million square meters and lies behind the first two phases, starting approximately 1.5 kilometers away from the shoreline with development reaching as far back as 5 kilometers from the sea. As satellite imagery clearly reveals, this depth of desert development from the seafront is unprecedented on the Hurghada coastline.

To date, ERC has spent approximately EGP 50 million in fulfilling Phase 3 leasing fees to the TDA and on land allocation and contractual installments for the acquisition of the Phase 3 land. In addition, approximately EGP 50 million have been expended on planning and development studies for this phase. The company remains keen on attaining unparalleled heights for community planning and development in Egypt through the creation of a comprehensive resort town for future generations while maintaining overall harmony, homogeneity and continuity across all project phases. In order to accomplish this overarching vision ERC has contracted top-tier international consultants, within their respective specializations, to plan Phase 3 and maintain the exceptional standards that the company has adopted since inception:

### Sahl Hasheesh Development Partners

<table>
<thead>
<tr>
<th>Master Planning Consultant</th>
<th>WATG Inc.</th>
<th>Irvine, California, USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market and Feasibility Consultant</td>
<td>AECOM</td>
<td>London, UK</td>
</tr>
<tr>
<td>Traffic, Transport, and Mobility Consultant</td>
<td>Mobility in Chain (MIC)</td>
<td>Milan, Italy</td>
</tr>
<tr>
<td>Infrastructure and Local Planning Consultant</td>
<td>AAW Consulting Engineers</td>
<td>Cairo, Egypt</td>
</tr>
<tr>
<td>Lakes and Waterways Consultant</td>
<td>Buro Happold</td>
<td>Bath, UK</td>
</tr>
<tr>
<td>Sustainability Consultant</td>
<td>XCO2 Energy</td>
<td>London, UK</td>
</tr>
<tr>
<td>Environmental Consultant</td>
<td>Environics</td>
<td>Cairo, Egypt</td>
</tr>
<tr>
<td>Cost Consultant</td>
<td>Davis Langdon</td>
<td>London, UK And Cairo, Egypt</td>
</tr>
<tr>
<td>Landscape and Open Space Consultant</td>
<td>EDSA</td>
<td>Fort Lauderdale, Florida, USA</td>
</tr>
</tbody>
</table>
Sahl Hasheesh

DEVELOPMENT PARTNERS

**Phase I Infrastructure Supervisor**
- **WATG**
- **ALSARAYA**
- **Tropical**
- **DE'SOLIE**
- **SAWARI**
- **ORASCOM DEVELOPMENT MANAGEMENT**

**Communication Networks**
- **Mobilil**
- **Vodafone**
- **OLD PALACE**
- **TRAVEL GROUP**

**Desalination Plant Contractor and Operator**
- **ELSEWEDY ELECTRIC**
- **Zoser HOTEL**
- **Premier**
- **Valentine**

**Video-On-Demand Provider**
- **iBAHN**
- **Serenity**
- **Baron Palace**
- **INTERNATIONAL RED SEA INVESTMENT**

**Fiber Optic Network Contractor**
- **Buro Happold**
- **Palm Hills DEVELOPMENT MANAGEMENT**
- **Sahheit**
- **SHAKHER CONSULTING GROUP**

**Sewage Treatment Plant Operator**
- **VEOLIA**
- **Baron Palace Sahl Hasheesh**
- **HOTELS GROUP**

**Sustainability Consultant**
- **MIC mobility in chem**
- **Ivanhoe**
- **PRIVIA**
- **Sahheit**

**Traffic Management Solutions**
- **Davis Langdon**
- **Sun Ride**
- **OMARIA**

**Environmental Consultant**
- **Envirionics**
- **RED SEA HOTELS GROUP**

**Specialist Infrastructure Engineer and Local Master Planner**
- **A&W Consulting Engineers**
- **SAWARI**
- **OLD PALACE**

**Feasibility Consultant (Phase I and III)**
- **Arthur Consulting Group**
- **Sahheit**
- **SHAKHER CONSULTING GROUP**

**Master Planners**
- **Phase I and II Master Planners**
- **Phase III Lead Master Planners**
- **Phase I and II Master Planners**
- **Phase III Lead Master Planners**

**Feasibility and Market Analysis Consultant**
- **AESCOM**
- **Environics**
- **Baron Palace Sahl Hasheesh**

**Landscaping Consultant**
- **EDSA**
- **Veolia WATER**
- **Veolia WATER**

**Cost Analysis Consultant**
- **EDSA**
- **Veolia WATER**

**Electrical Networks Design Consultant**
- **AESCOM**
- **Veolia WATER**
- **Veolia WATER**

**Waterways and Lakes Engineering Consultants**
- **Buro Happold**
- **Palm Hills DEVELOPMENT MANAGEMENT**
- **Sahheit**

**Strategic Assets Development Consultant**
- **AESCOM**
- **Veolia WATER**
- **Veolia WATER**

**Consultant**
- **Veolia WATER**
- **Veolia WATER**
- **Veolia WATER**

**Consultant**
- **Veolia WATER**
- **Veolia WATER**
- **Veolia WATER**

**Consultant**
- **Veolia WATER**
- **Veolia WATER**
- **Veolia WATER**
ERC PROJECTS
SAWARI: THE MARINA AT SAHL HASHEESH

<table>
<thead>
<tr>
<th>Description</th>
<th>Main Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Owner: ERC</strong></td>
<td></td>
</tr>
<tr>
<td>• Master developer of international standard resort communities on a fully-integrated management basis</td>
<td>• Project Support and Approvals</td>
</tr>
<tr>
<td>• Incorporated in Egypt and headquartered in Cairo</td>
<td>• Project Oversight &amp; Controls</td>
</tr>
<tr>
<td>• Acquires broad-acre land holdings suitable for premium mega resort development at nominal value, creates master plans in partnership with global urban planning firms, invests in infrastructure and manages the community</td>
<td>• Direct Contractual Relationships</td>
</tr>
<tr>
<td></td>
<td>• Cash Flow</td>
</tr>
<tr>
<td><strong>The Designer: WATG</strong></td>
<td></td>
</tr>
<tr>
<td>• World’s leading design consultant for the hospitality, leisure, and entertainment industries</td>
<td>• Concept Master Plan</td>
</tr>
<tr>
<td>• Delivered award-winning designs in 160 countries and territories across six continents</td>
<td>• Concept Architecture (Phase 1)</td>
</tr>
<tr>
<td>•Turned projects into international landmarks, renowned not only for their design and sense of place, but also for their bottom-line success</td>
<td>• Design Supervision</td>
</tr>
<tr>
<td><strong>The Development Manager: Orascom Development and Management</strong></td>
<td></td>
</tr>
<tr>
<td>• Wholly-owned subsidiary of ORASCOM Development Holding AG (ODH)</td>
<td>Development Management, including:</td>
</tr>
<tr>
<td>• ODH is a developer of fully-integrated towns, offering hotels, private villas, apartments, leisure facilities, and supportive infrastructure</td>
<td>• Project Initiation and Planning</td>
</tr>
<tr>
<td>• Expert developer of marina-centric communities</td>
<td>• Project Design and Tendering</td>
</tr>
<tr>
<td>• The Group has an attractive pipeline of projects under development in seven countries</td>
<td>• Project Execution and Construction</td>
</tr>
<tr>
<td></td>
<td>• Contract Administration</td>
</tr>
<tr>
<td></td>
<td>• Support and Advisory Services</td>
</tr>
<tr>
<td></td>
<td>• Sales and Marketing</td>
</tr>
</tbody>
</table>

| Total Area (Phase 1) | 1,114,052 m² |
| Water Surface | 117,000 m² |
| Number of Hotels – Phase 1 | 3 |
| Villas / Apartments – Phase 1 | 1,095 units |
| Pedestrian Promenade | 2 km |
In early 2015, ERC and Palm Hills Developments jointly announced the co-development of a beachfront apartment project in Old Town, to be called Tawaya. Sales launched during 1H15 and the fully-constructed project is set for completion within the next 12-18 months.

The project’s total built-up area totals 14,262 square meters, which will include 147 beach-front apartments and 13 standalone rooftops with sizes ranging from 60 to 294 square meters per unit.
JAMARAN: SEAFRONT VILLAS

Sold-out Beachfront Project
Located in the northeastern corner of Sahl Hasheesh, Jamaran’s beachfront location affords unlimited views of the Red Sea’s shimmering waters. Spanning a total area of 320,000 square meters, Jamaran will be home to 181 villas when work on the site is complete. Homeowners have the choice between four different villa designs, each of which possesses its own unique architecture style while embodying the elegance, simplicity and charm associated with the Jamaran name.

Each home design includes several bedrooms, state-of-the-art washrooms, spacious kitchens and living rooms, private backyard pools and rooftop terraces with breathtaking views of the sea. In addition to all that, each villa has a large private garden of an average size of 800 square meters, and the option of adding a swimming pool and barbecue area. In accordance with ERC design guidelines — which are designed to maintain a high level of aesthetics for the community as a whole — all villas are built to two stories, with total floor areas of around 318 square meters. As with all of Sahl Hasheesh properties, the Jamaran villas will be built according to the highest standards of modern construction.

Entertainment and Amenities
The development’s proximity to the Old Town retail and entertainment hub is a major attraction, particularly once the boardwalk connecting Jamaran to the Old Town area is completed. A range of amenities are planned for the neighborhood, including a network of parks spread out amongst the villas, a private club house to service homeowners, and a dining area and gym, acting as a gathering point for activities and a center for the community to grow. A mini golf course will also be available for residents looking to have fun without making the trip to one of the town’s professional golf courses.

| Total Area | 320,000 m² |
| Number of Villas | 51 of 181 |
| Villas BUA | 318 – 330 m² |
| Private Garden for Each Villa | 850 – 1,000 m² |
OLD TOWN: THE RETAIL AND ENTERTAINMENT HUB AT SAHL HASHEESH

Located at the heart of Sahl Hasheesh, ERC’s flagship Red Sea resort community, and overlooking the seaside promenade, Old Town is the development’s bustling downtown area primarily serving Phase 1 of the project. Old Town covers nearly 15,000 square meters of seafront land with a built up area of nearly 44,000 square meters, across eight buildings, offering a multitude of retail and entertainment facilities along with a number of residential apartments.

As a commercial center, Old Town has been designed with accessibility and high traffic in mind as it sits nestled between a run of boutique hotels and is centrally approachable from the resort at large.

<table>
<thead>
<tr>
<th>Component</th>
<th>Quantity</th>
<th>Total BUA (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Shops</td>
<td>117*</td>
<td>9,201</td>
</tr>
<tr>
<td>Spa &amp; Health Club</td>
<td>1</td>
<td>783</td>
</tr>
<tr>
<td>Pubs</td>
<td>1</td>
<td>195</td>
</tr>
<tr>
<td>Cinemas</td>
<td>3</td>
<td>1,500</td>
</tr>
<tr>
<td>Apartments</td>
<td>147**</td>
<td>14,262</td>
</tr>
<tr>
<td>Services</td>
<td>-</td>
<td>18,190</td>
</tr>
</tbody>
</table>

* including F&B outlets  
** excluding 13 standalone rooftops
MANAGEMENT & GOVERNANCE
Mr. Kamel assumes the role of Chief Executive Officer after having previously served on the ERC Board, Audit and Investment Committees. Prior to joining ERC, he spent eight years with KATO Investment, one of Egypt’s largest and most diversified industrial and services conglomerates with over twenty subsidiaries in eight divisions operating in manufacturing, aerospace, tourism, real estate, construction, logistics, several roles in different divisions of KATO, including sales and marketing, operations and project management, business development, and finally group Vice President of Strategy. While at KATO, he was instrumental in creating the first modern privately-held, bonded warehouse at Cairo International Airport, and managed the debt-raising process from European banks for the aerospace division.

Mr. Kamel also worked as a consultant with Bain & Company in their London offices following his M.B.A. Mr. Kamel holds a Bachelors degree in Economics with high honors from the American University in Cairo and an MBA with distinction from Harvard Business School.

Mr. Azab has 30 years of experience developing some of the largest and most comprehensive resorts in Egypt. He has designed and commissioned hotels in Hurghada, Sharm El-Sheikh, Cairo, Luxor and Aswan, in addition to five Nile-floating hotels. A veteran Lieutenant Colonel in the Egyptian Air Force.

Mr. Azab holds Bachelors degrees in Aeronautical Engineering and Military Science.

Mr. Aboulela joined ERC with over 25 years of experience in hands-on management of master planning and real estate development in the United States, Japan, Russia and the United Arab Emirates. He held executive positions with major corporations including Universal Studios, Dubai World, and Skolkovo Foundation. Mr. Aboulela’s involvement in high profile projects includes Universal Studios Florida Islands of Adventure, Universal Studios Japan, Honolulu International Airport in Hawaii and Zagorodny Kvartal, Russia.

Mr. Aboulela holds a Bachelor’s Degree in Architecture from Alexandria University and a Masters’ degree from the University of California, Los Angeles.

Mr. Saad joins ERC from Misr American Carpet Company (MAC), where he was the regional business manager (Middle East and Africa). Previously, as a general manager with El Sewedy Electrical Group, he was responsible for business development and sales of major electrical infrastructure projects, including power stations, substations, and transmission and distribution networks. He also has extensive experience in the beverage sector, having worked at Coca Cola Bottling Company of Saudi Arabia, Fayrouz International, and Pepsi-Cola’s North Africa division.

Mr. Saad holds a Bachelors degree in Electrical Power and Machines Engineering from Cairo University.

Mr. Makhlouf has over 15 years of experience in strategy and commercial management. He established the commercial division at ERC in 2013 and has led the development and execution of the company’s marketing and sales strategy. Prior to that Mr. Makhlouf developed and led ERC’s Investor Relations department since 2008. Before joining ERC, Mr. Makhlouf served as the Commercial Strategy Manager at CEMEX, a world leading cement and Ready Mix producer. During his tenure with CEMEX, Mr. Makhlouf was a member of a turnaround team for the operation in Egypt after acquiring a local producer and has led strategic projects in several areas of the business.

Mr. Makhlouf holds an MBA from IESE Business School in Barcelona, Spain.

Prior to joining ERC in 2008, Mr. Kassem launched an architecture and interior design firm in Cairo that has, over a seven year span, successfully delivered more than 45 commercial and residential projects in Egypt and London.

Mr. Kassem holds a Bachelor’s degree in Architectural Engineering and Environmental Design from the Arab Academy for Science and Technology.
Management & Governance: Management Team

Osama Shendy
Director – Human Resources

Mr. Shendy joined ERC with 19 years’ experience, bringing his extensive expertise in strategic planning, restructuring, organizational development, human resources management, and quality management systems. He has an outstanding experience in dealing with different cultures due to managing restructuring & transformation projects in multinational, private & public, as well as governmental organizations. Prior to joining ERC, Mr. Shendy has acted as lead consultant for numerous organizations such as Arabian Cement Company, Kobusch Packaging Egypt, Universal Group, Mist Al-Amria for Textile, Al Rajhi Investments, and Contact Group to name a few in addition to being Director of HR and Organizational Development at El Sewedy, Mobica and Mac Carpet. Mr. Shendy was also a National Business Planning Consultant for FAO (UN) in addition to having been a member of Board of Advisors for National Award for Excellence for both Government & Business Sector.

Sherif Omar
Director — Planning and Design

Sherif Omar joined ERC in 2003 as Chief Mechanical Engineer, supervising a number of projects including the construction of a sewage treatment plant and a water pump station. He became Head of Infrastructure, Planning and Design in 2010. Prior to joining ERC, Mr. Omar was a Technical Office Project Engineer, and later a Project Manager, at the Arab Engineering Company.

Ahmed Fahmy
Head of Information and Communication Technology

Mr. Fahmy has more than 9 years of experience in the Information and Communication Technology “ICT” field. He is responsible for preparing ICT related strategic and operational plans, including designing and managing the ICT infrastructure, networks and several ICT solutions, supervising the implementation of the ICT security strategy. Prior to Joining ERC, Mr. Fahmy held several IT positions in real estate and IT-solutions companies.

Mr. Fahmy holds a BSc in Mechanical Engineering from Cairo University.

Laila Karim
Head of Marketing

Ms. Karim joined ERC as Marketing Manager with her core job responsibilities including analyzing market trends, leading all areas of content generation and production across all media platforms, and creating and leading a marketing team that will develop and execute new marketing concepts, business models, communication channels, and establish new partnerships to help position business as an innovator and market leader. Prior to joining ERC, Ms. Karim held a number of key positions in companies such as AAPIC and BioGeometry Canada. Ms. Karim holds a Bachelor’s degree in Communications Studies with a specialization in Public Relations from California State University, as well as an Interior Design Diploma from American River College in Sacramento, and a M.A. degree in Interior Design from Florence Design Academy.

Mounir Sedki
Head of Strategy and Business Development

Prior to joining ERC in 2011, Mr. Sedki spent four years of his career with Booz & Company, one of the world’s most renowned strategy and management consulting firms. While at Booz, Mr. Sedki worked on a vast array of projects in sectors ranging from real estate to public and transportation in the MENA region, whereby he conducted extensive industry research and business assessment as well as several transformation strategies.

Mr. Sedki holds a Bachelor’s degree with honors in mechanical engineering from the Arab Academy for Science and Technology.

Nazih Seoudy
Head of Developer Services

Nazih Seoudy joined ERC with over 20 years’ experience at Xerox Egypt, where he served in a number of positions including Director of Customer Services and National Service Manager. Prior to joining ERC, Mr. Seoudy was Director of the Customer Care Department at EMAAR Misr, before joining MAC Carpets as Director of Customer Relations Management.

Mr. Seoudy holds a BSc in electrical engineering and communications from Ain Shams University and is also a certified Lean Six Sigma Green Belt.
Sameh Hashad
Head of Community Engineering

Mr. Hashad has over 20 years of experience in the field of construction engineering and large-scale project development. He joined ERC in 1998 as an Assistant Construction Manager and has since worked on various projects, most notably Arrival Piazza as well as eight commercial shopping centers around Sahil Hasheesh on Egypt’s Red Sea coast. Prior to joining ERC, Mr. Hashad worked for a number of reputable Egyptian and Saudi developers and was involved in the planning and execution of major projects, including renovation and construction work on King Abdulaziz University. Mr. Hashad holds a Bachelor’s degree in Civil Engineering as well as a diploma in Soil Mechanics and Foundations from Cairo University.

Sayed Amer
Head of Accounting

Mr. Amer has more than 18 years of experience in the field of accounting and auditing. Prior to joining ERC, Mr. Amer spent 14 years of his career as a senior audit manager at KPMG Hazem Hassan, Egypt. He was responsible for the diligent review of audit documents and ensuring compliance with the firm’s methodology and applicable auditing standards. Mr. Amer is a member of the Egyptian Society for Accountants and Auditors (ESAA). He holds a Bachelor’s degree in Commerce from Cairo University with a major in Accounting.
ERC assigns central importance to the implementation of rigorous corporate governance practices, believing that a robust, proactive approach to corporate governance is vital to the interests of both the individual company, boosting investor confidence by protecting the value of their shares, and the business community by providing a regulatory framework for healthy competition. ERC is committed to implementing best practices in corporate governance and attaining top ranking amongst Egyptian listed companies.

Board Committees
The majority of ERC’s Board members serve on Board Committees, according to their respective expertise.

The Executive Committee
The Executive Committee is responsible for studying and analyzing high-level strategic and operational issues and any other topics assigned to it by the Board of Directors and/or the Chairman of the Board. The Chairman and CEO sit on this committee, ensuring that decisions that exit the Committee have been deliberated and reached by the consensus of the Company’s senior leadership, expediting their strategic implementation.

Members:
- Mr. Adel Hammad (Chairperson)
- Mr. Mohamed Kamel (Member)
- Mr. Ahmed Abou Hendia (Member)
- Dr. Gamal El-Saeed (Member)
- Eng. Abdel Moniem Attia (Member)
- Dr. Eskander Tooma (Member)

The Audit and Investment Committee
The Audit Committee oversees the Corporate Accountability of the Company, assisting the Board by monitoring the integrity of ERC’s financial reporting process, systems of internal audits and controls as well as financial statements and reports. The Audit Committee also monitors ERC’s compliance with legal and regulatory requirements and is responsible for recommending and overseeing ERC’s independent auditors. The Committee maintains frequent, open communication with the independent auditor, the internal auditor and Management. This communication includes periodic private executive sessions with each of these parties.

Members:
- Dr. Eskander Tooma (Chairperson)
- Mr. Abdelmoneim Abdelwahab (Member)
- Mr. Adel Tawfik (Member)
- Mr. Ahmed Abdel Azim Mahmoud (Member)
- Ms. Nahed Zohair Saied (Member)

The Remuneration and Nomination Committee
The Remuneration and Nomination Committee meets regularly to review the Company’s HR practices, policies and procedures, and organizational structure and develop strategies to improve the Company’s ability to attract, select, hire and retain the most suitable talent. The Committee recommends additional policies that ensure that salaries, benefits, bonuses, pensions, development and training are competitive and optimal to ERC’s business model. This not only safeguards shareholder interests, but also ensures the long-term sustainability of the Company.

Members:
- Mr. Ahmed Abu Hendia (Chairperson)
- Mr. Adel Hammad (Member)
- Mr. Mohamed Kamel (Member)
- Mr. Wael El Hatow (Member)

Board Structure
The majority of the board of directors is composed of non-executive members, elected from different groups of shareholders. Once elected, board members are considered representatives for all shareholders and commit to work in the best interests of the company, not just for their respective shareholder group. The board is responsible for vision and strategy development, review and oversight of risk management systems, internal compliance and control, codes of ethics and conduct, legal and regulatory compliance and the development of suitable key indicators of financial and operational performance. The skills and experience profile of the board is reviewed regularly, both internally and by external consultants, to ensure an optimal board composition.

The board is currently composed of 13 members. Board meetings are scheduled at the commencement of each calendar year. At the minimum, meetings are held once per quarter. The ERC board of directors convened 7 times in 2015.

External Auditor
Based on the recommendation of the Audit and Investment Committee, the board nominates a qualified external auditor. The external auditor is selected and awarded annual remuneration by the General Assembly, operating independently from the company and the board. The external auditor fully abides by Egyptian Accounting Standards (EAS). To guard against potential conflict-of-interest and ensure independence, the external auditor cannot be contracted for additional services without the prior approval of the Audit and Investment Committee.

ERC’s external auditor is KPMG Hazem Hassan.
With over 35 years of experience in the insurance and finance industries, Mr. Adel Hamad is a noted expert in reinsurance and has served since May 2013 as the Non-Executive Chairman of ERC. Prior to assuming his duties as Chairman, Mr. Hamad held a number of high-profile positions at leading financial companies and insurance providers, including a long career at Misr Insurance, the leading insurance provider in Egypt, where he was most recently Chairman and Managing Director. Mr. Hamad has also served on the boards of directors of financial institutions including Société Arabe Internationale de Banque (SAIB) and the Housing and Development Bank. Eng. Attia holds a Bachelor’s degree in architecture from Cairo University and is a member of the Executive Committee.

Mr. Tawfik is currently the Corporate Vice President of Food Manufacturing for KATO Investment and Chairman and CEO of National Food Company. Mr. Tawfik is also a distinguished entrepreneur, having started a leading IT solutions provider and a print management company.

Mr. Tawfik holds an MBA from Maastricht University and a Bachelor’s degree in Banking Management from Sadat Academy for Management Science. He is a member of the Audit and Investment Committee.

Dr. Al Kholi is Chairman and CEO of First Arabian Development & Investment Company. He is also owner and CEO of the Al Kholi Group in Saudi Arabia, founding and leading four Class A companies. These companies hold subsidiaries in the Middle East, Europe and the US in many industries, including hotels and resorts, real estate development, construction, maintenance and operations, and information services and technology.

Dr. Al Kholi holds a Bachelor’s degree in Pharmacy from King Saud University.

Mr. Abu Hendia is a board member and the legal counsel of First Arabian Development and Investment. He also serves on the Board of Information and Technology Services Co. and Delta Hotels and Tourism.

Mr. Abu Hendia holds a Bachelor’s degree in Law from Ain Shams University. He chairs the Nomination and Remuneration Committee and is a member of the Executive Committee.

Mr. Ali serves as the president of Central and West Delta Operations for Misr Insurance, a position he has held since November 2013. His extensive career with Misr Insurance, which began in 1979, has seen him hold numerous and diverse top-tier administrative positions including financial auditor, accountant and financial planner.

Mr. Ali also sits on the boards of Master Line Fabrics, El Rawad (for real estate development), Central and West Delta Crushers and Misr Insurance. Dr. Azzam holds a Ph.D. in Econometrics and Quantitative Macroeconomics from the University of California-Irvine.
Ms. Nahed Zohair
Representing Rowad Tourism

Ms. Zohair is the Director of Public Relations at Al-Rowad Tourism Company. Prior to that she had worked at the company’s General Administration for Clients and Complaints and the General Administration of Public Relations. She also occupied several positions within the Chief Executive Officer’s office.

Ms. Zohair holds a B.A in Commerce, which she earned from Cairo University in 1983.

Mr. Wael El Hatow
Representing Al Ahly Capital Holding

Mr. El Hatow currently serves as Executive Director at Al Ahly Capital. He has many years of experience in the Egyptian investment banking and private equity sectors and has been involved in most of the landmark M & A transactions that have taken place in Egypt over the past decade. In addition to ERC, Mr. El Hatow currently serves on the board of a number of companies, namely Alexandria Mineral Oils Company (AMOC), Al Ahly Medical Services Company and Al Ahly Asset Management Company.

Mr. El Hatow holds a Bachelor’s degree in Political Science from the American University in Cairo and a Masters of Business Administration from Pennsylvania State University. He is a member of the Nomination and Remuneration Committee.

Mr. Abdelwahab Abdelmoneim
Representing Misr Insurance

Mr. Abdelmoneim is a leading figure in Egypt’s business community, with a career spanning 35 years in the insurance sector. Mr. Abdelmoniem has held a number of high-ranking positions at several prominent Egyptian companies, including Misr Insurance and Misr Insurance Holding Company. He currently serves as Vice Chairman of Financial and Personnel Affairs at Misr Real Estate Assets.

Mr. Abdelmoneim holds a Bachelor’s degree in commerce from Cairo University in 1980.

Dr. Islam Azzam
Representing Misr Life Insurance

With a career spanning 20 years, Dr. Islam Abdel Azim Azzam is considered one of the country’s foremost experts on capital markets. His extensive experience has allowed him to achieve leadership positions in the private sector, where he serves as CEO of Private Equity Company Small and Medium Companies, an affiliate of the General Authority for Investment (GAFI). He is also a partner and manager of consultation at Thekat for Financial Consultation, a Cairo-based consultancy. Dr. Azzam is also considered a leading academic in finance, and is currently a professor of finance at the American University in Cairo. His accomplishments have made him an invaluable advisor sitting on the boards of Construction Company for National Banks and Misr Insurance.

Dr. Azzam holds a Ph.D. in Econometrics and Quantitative Macroeconomics from the University of California-Irvine.

Dr. Gamal Elsaeed
Independent Member

Dr. Elsaeed is a professor of civil engineering at Banha University. In the private sector, Dr. Elsaeed manages an engineering firm involved in major infrastructure projects in MENA countries.

Dr. Elsaeed holds a Bachelor’s degree from Ain Shams University, a Masters from Texas A&M and a PhD from Harvard University, all in Civil Engineering and Business Administration. He is a member of the Executive Committee.

Dr. Elsaeed is a professor of civil engineering at Banha University. In the private sector, Dr. Elsaeed manages an engineering firm involved in major infrastructure projects in MENA countries.

Dr. Tooma is a tenured professor of finance and management at the American University in Cairo. Dr. Tooma holds a Bachelor’s degree in Business Administration from AU and Adelphi University, and Master’s degrees in Finance and International Economics from Adelphi and Brandeis University. He also holds a PhD in Finance from Brandeis. He chairs the Audit and Investment Committee and is a member of the Executive Committee.

Dr. Tooma is the co-owner and a board member of Premium International for Credit Services and a board member of the Orascom Investment Fund. He has served as a senior advisor to the Egyptian Capital Market Authority and advised leading companies such as Citadel Capital and Orascom Development Holding. Dr. Tooma is also a tenured professor of finance and management at the American University in Cairo. Dr. Tooma holds a Bachelor’s degree in Business Administration from AU and Adelphi University, and Master’s degrees in Finance and International Economics from Adelphi and Brandeis University. He also holds a PhD in Finance from Brandeis. He chairs the Audit and Investment Committee and is a member of the Executive Committee.
Mr. Mohamed Kamel
Chief Executive Officer

Mr. Kamel assumes the role of Chief Executive Officer after having previously served on the ERC Board and the Audit and Investment Committees. Prior to joining ERC, he spent eight years with KATO Investment. Mr. Kamel assumed several roles in different divisions of KATO, including sales and marketing, operations manager, project manager and finally, business development manager at KATO Investment’s headquarters. While at KATO, he was instrumental in creating the first modern, privately-held bonded warehouse at Cairo International Airport, and managed the debt-raising process from European banks for the aerospace division. Mr. Kamel also worked as a consultant with Bain & Company in their London offices following his MBA.

Mr. Kamel holds a Bachelor’s degree in Economics with high honors from the American University in Cairo and an MBA with distinction from Harvard Business School. He is a member of the Executive, the Nomination and Remuneration, and the Compensation Committees.
ERC believes that the success of its flagship development is contingent on the overall success and development of Egypt. Stemming from that view, we have always adopted policies and practices that take into account the long-term health of our environment and fellow citizens. As we grew our development, we have always dedicated energy and resources to leaving a positive imprint on our communities and surrounding areas, mindful always of our role to not only give back, but to participate in the development and betterment of our society.

The Youth Educational Support Initiative is an exciting program that had corporate volunteers visit public and private schools in Cairo to share their professional experience, transfer practical skills, and advise the coming generation on how to succeed in the labor market. Throughout this year and previous years, our volunteers instructed hundreds of students in several classes.

As part of its Job Shadowing Program, ERC also hosted a number of fresh graduates and provided them with on-the-job training and hands-on advice relating to starting and running their own businesses.

Further endeavors to aid the community included regular ERC Annual Orphan’s Day at Sahl Hasheesh. ERC had the privilege of hosting events for tens of orphans at Sahl Hasheesh. The children were engaged in several entertainment, educational and challenging activities at the resort.
FINANCIAL STATEMENTS
To the Shareholders of Egyptian Resorts Company

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Egyptian Resorts Company (S.A.E.), which comprise the consolidated balance sheet as at December 31, 2015, and the consolidated income statement, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements

These financial statements are the responsibility of Company’s management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Egyptian Resorts Company (SAE) as of December 31, 2015, and of its financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Emphasis of matter

Without considering the following as qualifications:

1- As disclosed in detail in note no. (29-2) of the notes to the financial statements, there is a lawsuit before court which is raised by one of the lawyers against the General Authority for Touristic Development in order to annul the allocation contract of all lands for Egyptian Resorts Company at Sahel Hasheesh. On February 28, 2011 the company’s management decided to become a part of this lawsuit in order to undertake the legal procedures and submit the documents supports the company’s position. The lawsuit is now pending before the state attorneys’ authority in its preliminary. On June 12, 2014, the case was booked to report, which ended to stop the lawsuit and postpone it to November 24, 2015 to respond and comment by the Legal advisory of the Holding Company and it has been administratively postponed to session January 12, 2016. At that meeting, the court decided to reserve the case for the rule of session March 22, 2016 and the Court issued its ruling on that day to accept the entrance of Egyptian Resorts Company (the holding company) and not to accept the original lawsuit filed by one of the lawyers to be removed from the irrelevant. The company’s management is of the opinion that according to its legal advisory report, the submissions made by them support the legal position of the Holding company and it is difficult for the time being to predict the results of the lawsuit, upon which the extent of the negative effects that may result on the company’s economics and financial position is not verified.

2- As disclosed in detail in note no. (29-4) of the notes to the financial statements, the General Authority of Touristic Development has informed ERC that it has decided to withdraw its previous consent for the company on development of phase 3 lands at Sahel Hasheesh (zone c) in which its area is 20 million square meter in its resolution dated March 31, 2011. Knowing that Work in process in connection with this phase amounted to approximately EGP 74 million on December 31, 2015. The company raised a lawsuit to cancel the administrative decision issued by the General Authority Of Touristic Development referred to above & submitted to administrative court on September 21, 2011. The court decided to refer the case to the College of Commissioner to prepare a report by the legal opinion. On May 18, 2015 the case was booked to report with a statement to submit memos within two weeks from the parties’ sides to the lawsuit. The certificate submitted from the legal advisory of the holding company mentioned that it was not determined any session before the court until the date of certificate issuance. And the Holding Company did not receive any notification from the court to deposit the report. The company’s management is of the opinion that according to its legal advisory report, the submissions made by them to support the legal position of the Holding company in the light of the provision of the contract between the Authority and the Holding Company on October 24, 1995 and that it would be impossible for the time being to predict the results of the lawsuit time being to predict the results of the lawsuit in this early stage of dispute along with the ruling ruled by the court. Though the extent of the negative effects, that may result, on the company’s economics and financial position that may result because of this lawsuit is not verified.

Hesham Gamal El-Afandy

Auditors’ register

At the Egyptian Financial Supervisory Authority No. (100)
KPMG Hazem Hassan

Cairo, March 22, 2016
The Consolidated Balance Sheet of the Company and its Subsidiaries
As at December 31, 2015

<table>
<thead>
<tr>
<th>Note No.</th>
<th>12/31/2015 EGP</th>
<th>Restated 12/31/2014 EGP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets (Net)</td>
<td>(3-2, 4)</td>
<td>138 929 257</td>
</tr>
<tr>
<td>Real estate investments</td>
<td>(3-3, 5)</td>
<td>154 364 497</td>
</tr>
<tr>
<td>Projects in progress</td>
<td>(3-4, 6)</td>
<td>1 154 683</td>
</tr>
<tr>
<td>Time Deposits - Long term</td>
<td>(12)</td>
<td>39 150 500</td>
</tr>
<tr>
<td>Accounts &amp; notes receivable - long term (Net)</td>
<td>(3-9, 9)</td>
<td>283 559 189</td>
</tr>
<tr>
<td>Deferred Tax assets (Net)</td>
<td>(24-2, 3-20)</td>
<td>335 691</td>
</tr>
<tr>
<td><strong>Total non current Assets</strong></td>
<td></td>
<td>617 293 817</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work in process</td>
<td>(3-7, 7)</td>
<td>524 832 413</td>
</tr>
<tr>
<td>Inventory</td>
<td>(3-6, 8)</td>
<td>2 371 460</td>
</tr>
<tr>
<td>Accounts &amp; notes receivable - short term (Net)</td>
<td>(3-9, 9)</td>
<td>336 112 836</td>
</tr>
<tr>
<td>Sundry debtors and other credit balances</td>
<td>(10)</td>
<td>7 868 340</td>
</tr>
<tr>
<td>Cash on hand &amp; at banks</td>
<td>(3-11, 11)</td>
<td>135 603 136</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>1 006 788 185</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>2 014 081 002</td>
</tr>
<tr>
<td><strong>Liabilities and Shareholders’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims Provision</td>
<td>(3-13, 13)</td>
<td>12 126 762</td>
</tr>
<tr>
<td>Receivables - advance payments</td>
<td>(14)</td>
<td>70 287 696</td>
</tr>
<tr>
<td>Sundry creditors and other credit balances</td>
<td>(3-14, 15)</td>
<td>147 709 183</td>
</tr>
<tr>
<td>Due to Authority of Touristic Development</td>
<td>(16)</td>
<td>73 066 760</td>
</tr>
<tr>
<td>Estimated cost for development of sold land</td>
<td>(3-8)</td>
<td>156 008 989</td>
</tr>
<tr>
<td>Banks-Credit Facilities</td>
<td>12 648</td>
<td>5 430</td>
</tr>
<tr>
<td>Income tax</td>
<td>4 032 160</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td>463 254 198</td>
</tr>
<tr>
<td><strong>Working capital</strong></td>
<td></td>
<td>543 533 987</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td></td>
<td>1 100 827 884</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>2 014 081 002</td>
</tr>
</tbody>
</table>

---

**Current Liabilities**

| Claims Provision | (3-13, 13) |
| Claims Provision | (3-13, 13) |
| Receivables - advance payments | (14) |
| Sundry debtors and other credit balances | (3-14, 15) |
| Estimated cost for development of sold land | (3-8) |
| Income tax | 4 032 160 |
| **Total Current Liabilities** | 463 254 198 |

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**Working capital**

| 543 533 987 |

---

**Total Investments**

| 1 100 827 884 |

---

**Total Assets**

| 2 014 081 002 |

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**Liabilities and Shareholders’ Equity**

**Owners’ Equity**

| Issued and fully paid in capital | (17) |
| Legal reserve | (28) |
| Carried forward losses | (556 921 574) |
| Net Profit (loss) for the year | 217 587 127 |
| Holding Company’s Shareholders’ Equity | 842 999 921 |
| Minority Interest | 44 775 345 |
| **Total Shareholders’ Equity** | 887 376 267 |

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**Long-term Liabilities**

| 669 899 352 |

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**Total Liabilities**

| 2 014 081 002 |

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**Equity**

| 1 304 035 090 |

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Net profit after income tax

| 4 499 565 |

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* Accompanying notes form an integral part of these Financial Statements, are to be read therewith and can be downloaded at: http://ir.erc-egypt.com

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**Head of Accounting**

Mr. Sayed Amer

**Managing Director**

Mr. Mohamed Ibrahim Kamel

**Chairman**

Mr. Adel Hammad

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Translated & Originally Issued in Arabic
## Consolidated Statement of Changes in Shareholders' Equity for the company & its subsidiaries

**For the financial year ended December 31, 2015**

### For the year ended December 31, 2015

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 EGP</th>
<th>2014 EGP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as at December 31, 2014</strong></td>
<td>1 050 000 000</td>
<td>1 050 000 000</td>
</tr>
<tr>
<td><strong>Net Income for the year</strong></td>
<td>217 857 117</td>
<td>217 462 915</td>
</tr>
<tr>
<td><strong>Net Income for the year Transferred to Carried forward losses</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted balance as of December 31, 2015</strong></td>
<td>1 267 657 117</td>
<td>1 267 462 915</td>
</tr>
</tbody>
</table>

**Note:** Accompanying notes form an integral part of these Financial Statements, are to be read therewith and can be downloaded at: [http://ir.erc-egypt.com](http://ir.erc-egypt.com)
COMMON STOCK INFORMATION

Legal Structure: Egyptian Public Joint Stock Company
Listing: Egyptian Exchange (EGX)
Paid-in Capital: EGP 1.05 billion
Par Value Per Share: EGP 1.00
Fiscal Year: Ends December 31
Subsidiaries: Sahl Hasheesh Co. (SHC) – 78.4% owned by ERC
SHC Tax Structure: 10-year tax exemption ending 2017

ERC SHAREHOLDER STRUCTURE*

* As of end of fiscal year 2015

- KATO Investment (11.96%)
- First Arabian Company (10.00%)
- Rowad Tourism Company (9.05%)
- Al Ahly Capital Holding (9.00%)
- Mizr Insurance (8.05%)
- Mizr for Life Insurance (6.96%)
- Orascom Development Holding (4.50%)
- Others (40.48%)
ERC Egyptian Resorts Company

4A Aziz Abaza St. Zamalek – Cairo - Egypt

ERC Egyptian Resorts Company