

Cairo 13/4/2011

Mr. Ashraf Kamal

Vice President for Listed Companies

The Egyptian Exchange

ERC has received a letter from the Tourism Development Authority notifying the Firm of the withdrawal of its approval for the allocation of Phase 3 land (20 million square meters) at Sahl Hasheesh Resort.

It is ERC's intention to file a formal petition with the TDA requesting reconsideration of its decision, as the Firm received no prior notice and sees no legal justification for the decision. The Firm was not granted a grace period to undertake any corrective actions required by the TDA.

In the event the TDA rejects the petition, ERC is fully prepared to resort to the Dispute Settlement Committee and the Administrative Judiciary Court to defend its legal rights.

ERC has already settled 27% of the value of the contract (USD 7,567,359) as of 31 December 2010 (20% advance payment, 5% contractual expense, and 2% land allocation expense), in addition to another USD 1,327,561 as rent expense for the third phase, and more than USD 4 million in expenses of the master plan and the third phase feasibility study. In total, the Firm has paid approximately USD 12.9 million in expenses relating to the third phase of the project.

It is notable that ERC is currently developing Phases I and II, which comprise c. 12 million square meters and to date include 1,560 hotel rooms and 679 residential units. More hotels are slated to open soon, with 6,000 hotel rooms and 6,000 residential units currently under construction. An additional 7.1 million square meters of land will be developed in the coming period, including 2.5 million square meters to be developed by the Firm in partnership with Orascom Development and Management (the Sawari Marina project).

*Note: This document has been translated from the original Arabic.*