



Annual Report 2012



ERC
Egyptian Resorts Company





Vision

Become a regional master developer of international standard mega communities by designing and implementing a world-class master-designed, developed and controlled community standard. We aim to redefine Egyptian urban planning, from every aspect of the world's best international communities and developments.

Mission

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

Table of Contents

06	ERC at a Glance
08	Management
10	Chairman's note
12	CEO's Note
14	Our Strategy
18	Our Current Market
20	Master Development
22	Sahl Hasheesh
40	ERC Projects
42	Sawari
46	Jamaran
50	Old Town
54	Organisation
56	Management Team
60	Corporate Governance
62	Board of Directors
66	History of ERC
68	Financial Statements



Egypt’s Leading Master Developer of Mega-Communities

ERC at a Glance

ERC offers a unique value proposition to its sub-developers while promoting the creation and delivery of a world-class experience for end-users of its master planned developments.

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

7th
largest company on the EGX in terms of **volume** traded in 2012 (**1.07** bn Shares)

62nd
largest company on the EGX by **market capitalization** in 2012 (EGP **1.1** bn)

18th
largest company on the EGX in terms of **value** traded in 2012 (EGP **1.3** bn)

473
Employees

The Sahl Hasheesh Master Development Direct Economic Value Upon Completion*



*According to estimates by feasibility consultant AECOM (UK office)

Legal Structure: Egyptian Public Joint Stock Company

Listing: Egyptian Exchange (EGX)

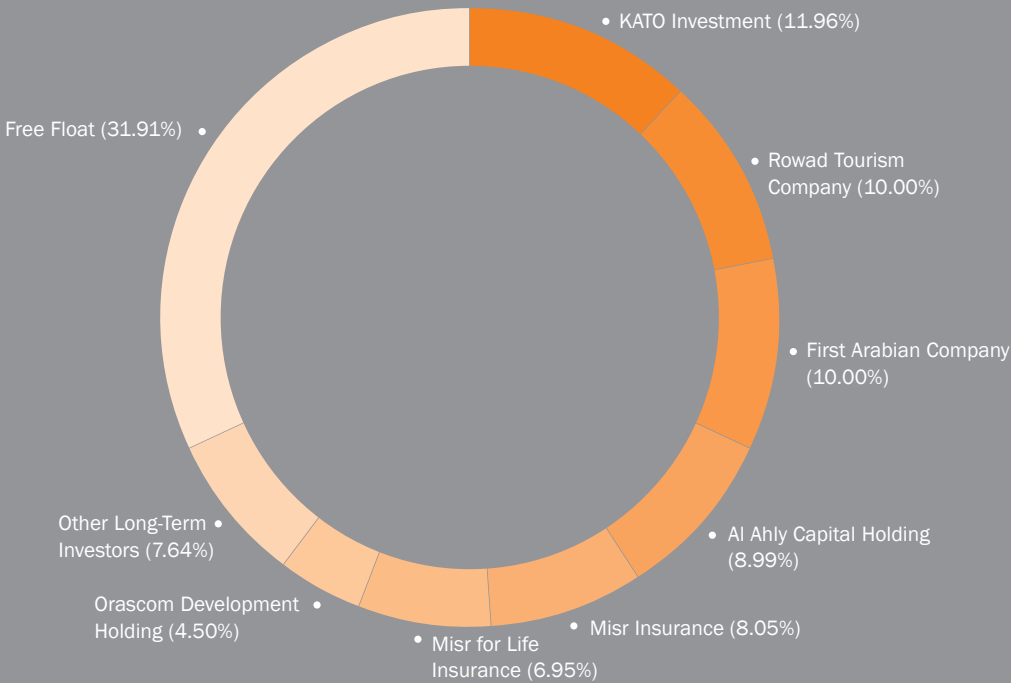
Paid-in Capital: EGP 1.05 billion

Par Value Per Share: EGP 1.00

Fiscal Year: Ends December 31

Subsidiaries: Sahl Hasheesh Co. (SHC) – 69.4% owned by ERC

SHC Tax Structure: 10-year tax exemption ending 2017





Management

- Chairman's Note
- CEO's Note
- Our Strategy
- Our Current Market

Chairman’s note

“Despite the challenges ERC has faced, the company is ideally positioned to create long term value for its shareholders as the tourism and real estate industries get back on track alongside the wider economy.”



Dear Shareholders,

At the end of a turbulent year for both ERC and Egypt, I am pleased to introduce our 2012 Annual Report. In the past twelve months, ERC has stood firm in the face of a difficult economy, political upheaval and continued legal challenges. Despite an adverse economic environment, ERC employees continued to perform admirably and with purpose. On behalf of the Board of Directors and our Shareholders, I would like to express our gratitude to each and every staff member for his dedication and commitment to the company.

For Egypt, 2012 was a transformative year. The newly-elected president is now entrusted with laying the foundations for a democratic civil society and for setting economic policies to lead the nation to sustainable growth.

For ERC as a company, the Board of Directors continues to support the management’s project initiatives and as such recently approved the Jamaran villa zone project. Sales began in October of 2012 and are expected to last through 2013. Development of our subsidiary’s Old Town project continued apace, with 55 outlets rented by the year’s end. We continue to push through the regulatory process for the Sawari marina project, and expect to receive our construction license soon. We maintained a hold on new land parcel releases to protect the land’s residual value and to limit new competition as our sub-developers recover from the industry’s slowdown.

I am proud to say that despite the challenges ERC has faced, the company is ideally positioned to create long term value for its shareholders as the

tourism and real estate industries get back on track alongside the wider economy. ERC’s debt-free balance sheet leaves ample room to support equity value growth in the coming period. We continue to defend our interest in Sahl Hasheesh’s Phase III and to develop contingency plans to protect our shareholders’ interests regardless of the outcome. In 2013, management will employ a balanced approach to navigate the company along Egypt’s road to recovery.

Dr. Samir Makary
Chairman of the board



Management

CEO's note

“The defensive first homes sector always comes first, but we also expect improvement in consumer appetite for second home purchases in 2013.”



This past year has been the most challenging yet for ERC. While we are confident in our company's fundamentals and long-term value, the volatile economic and political situation in Egypt, coupled with some delay in finalizing the Sawari marina approvals and Phase III land dispute have put a damper on performance in 2012.

As we have noted in the past, the conversion into significant sales from our target audiences in Egypt and abroad at our proprietary developments — Sawari and Jamaran — will be largely dependent on the impact of economic and political policymaking reflected on the public sentiment of stability and growth.

Despite near-term downside risk from a potential deterioration in economic conditions amid the budget deficit, falling reserves, and the fiscal threat of ongoing spending on energy and food subsidies, we are increasingly optimistic due to the historic resilience of the industry and current economic conditions that will, by default, support tourism over the next couple of years. The devaluation of the national currency is increasing the destination and investment attractiveness resulting in an even more superior price-performance tradeoff for both holidaymakers and foreign buyers of investment and vacation properties. And, in a local market characterized by rapidly rising inflation, real estate is becoming a more attractive asset class for Egyptians with excess local currency liquidity.

Granted, the defensive first homes sector always comes first, but we also expect improvement in consumer appetite for second home purchases in 2013. The shall question remain as to whether external factors will allow consumer sentiment to recover sufficiently to translate appetite into sales. Although sentiment was depressed in 2012 due to political and economic uncertainty, interest in units at our proprietary developments was noticeable.

Against this backdrop, we continue to manage the business with an eye on both short-term challenges and long-term opportunities.

Sawari Marina

We are in the process of obtaining the final regulatory permission to begin construction work at Sawari marina – the TDA construction license. A number of permits have already been obtained, most notably the armed forces approval. Construction is expected to begin 3-to-4 months following the conclusion of this administrative step.

Jamaran Villas

Sales at Jamaran began in the third quarter of 2012 and are expected to continue throughout 2013. Investor appetite for the project has proven to be relatively strong, driven by good product positioning and potentially market-beating property investment returns.

Old Town Update

In 2012, we obtained approvals to operate the pier of the Old Town's public beach as a full-service dock for visiting boats, and we have now selected a management company, Aquarius, to operate this facility and an associated aqua center. The Old Town, which has been successful at attracting renowned international and local stores, is now home to 55 rented shops out of which 40 are operational.

Infrastructure

Electricity | During 2012, ERC received final approval from the Egyptian Electric Utility and Consumer Protection Regulatory Agency for an electricity distribution license allowing ERC to manage and sell electricity within Sahl Hasheesh replacing El Canal Company.

Communications | Furthermore, we completed the installation and testing of our 14-kilometer, 144-core multi-function optic fiber network. This network is the backbone through which we are now, through an Agreement with TevoTech (a Vodafone affiliate), providing triple-play services to our sub-developers. The project was executed on time and on budget; all hotels at Sahl Hasheesh are now running on the backbone, as is our administration headquarters on site. Speed and reliability of the service have thus far proven outstanding.

Mohamed Kamel
Chief Executive Officer

Our 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 networks, 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 are hotel ownership, operation and management, as well as luxury resort and 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. The timing of land sales — which tends 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-off 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 the only marina in Sahl Hasheesh, Sawari, as well as the commercial downtown core for each master-planned phase of development.

Recurring Revenue

Utilities

ERC is the exclusive utilities provider through extensive investment in state-of-the-art infrastructure, including: water desalination and purification plants, sewage treatment facilities, lift-pump stations, electricity sub-stations and distributors, and the latest generation fiber-optic networks. Utilities represent a steady growth stream of revenue for ERC that matches the community’s pace of development.

ERC’s business model focuses on creating long-term shareholder value from the growth of three revenue streams: land sales, development of strategic real estate, and the exclusive sale of utilities and community management services.

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 plus a management fee. ERC provides the full array of community services to its residents, including: security, waste management, public areas 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 skillsets and best practices developed on the Red Sea coast are equally portable to other large-scale mixed-use, industry-based or agriculture-based communities locally and internationally.

WE BUY RAW LAND AT NOMINAL
VALUE IN PRIME LOCATIONS...



DEVELOP DETAILED MASTER PLANS
WITH BEST-IN-CLASS FIRMS...



BUILD STATE-OF-THE-ART
INFRASTRUCTURE...



SELL PROJECT-DEFINED LAND PLOTS
TO QUALIFIED SUB-DEVELOPERS...



DEVELOP STRATEGIC REAL
ESTATE...



CREATE SUSTAINABLE COMMUNITIES...



Our Strategy

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. Also, in adherence to the company’s current cash conservation policy, ERC’s general and administrative expenses declined by 9.9% from 2011. The combination of higher revenues and lower expenses has left ERC with a fairly stable balance sheet in 2012.

Additionally, Management has decided to focus its efforts on the following strategic opportunities:

1. Growing strategic real estate projects: Sawari marina, Old Town commercial center and Jamaran are key projects that drive ERC’s second revenue stream, increase Sahl Hasheesh’s attractiveness and encourage widespread development.
2. Promoting the destination: Aggressive destination marketing will help position Sahl Hasheesh as the destination of choice for visitors as well as encourage developers to resume investment as tourism and second home purchases regain momentum.
3. Expanding land sales to key developers: Attracting investments through tailored products to developers’ need remains to be the key to turn around the slowdown that started in 2008.
4. Contingency Planning: In the unlikely event that the TDA does not reverse its withdrawal of the Phase III land area, ERC has been actively building the capacity to shift the business model from a pure master developer to a mega B2C developer with approx. 5 million m² available for development over the next 9-12 years.



Azzurra Residential Development

Our Current Market

After a dive in the number of tourists following the Egyptian revolution, Egypt recorded a 17 percent increase in the number of arrivals in 2012 and a 13 percent increase in revenue. The increased numbers suggest a turnaround in the fortunes of the Egyptian tourism industry.

The overall Egyptian economy, however, continued to struggle in 2012. GDP growth of 3.5 percent for the year, a far cry from sustained near 6 percent growth recorded between 2004 and 2010. Additionally, foreign reserves declined over 50 percent from nearly \$36 billion prior to the January 25th revolution to only \$15 billion by the end of 2012.

The decline in foreign reserves is depriving the Central Bank of Egypt of its ability to defend the local currency. While depreciation of the local currency bodes well for exports and tourism, Egyptian consumers are likely to experience an increase in the price of basic food staples, much of which are imported. To further complicate matters, unemployment is over 12 percent and is expected to rise further.

Despite the negative economic figures, there are indications of a solid economic

foundation. This is best illustrated by the performance of the Egyptian equity market. The main EGX 30 index, witnessed an increase of around 48 percent in 2012. Solid interest has also been expressed by Turkey, Qatar, China and other regional and international investors in various projects in the country.

Positively for Sahl Hasheesh, the Red Sea coast's share of overall tourism to Egypt increased with the vast majority of visitors skipping Cairo and flying directly to Hurghada or Sharm El-Sheikh to experience the beauty of the Red Sea and enjoy the relaxing beach lifestyle. Even though overall tourist arrivals continue to lag significantly behind 2010 figures, we believe a rebound could be sooner rather than later as visitors to the Red Sea return home and report that Egypt remains as safe a destination as ever for resort tourism with a market-beating value-for-money offering.

Prospects look bright for Sahl Hasheesh as early indicators show a recovery of tourist demand exceeding that of the broader market as hotels in Sahl Hasheesh reported a very respectable 75% average occupancy rate in the fourth quarter.

We maintain of the view that our market is currently one of great opportunities. On the hospitality front, our view remains as previously proven that, despite the European economic woes, holiday goers keep looking for greater value-for-money destinations as opposed to canceling or postponing vacation plans. In many cases, it may make more financial sense for some Europeans to spend 10 days vacationing in Egypt than to stay in their European homes.

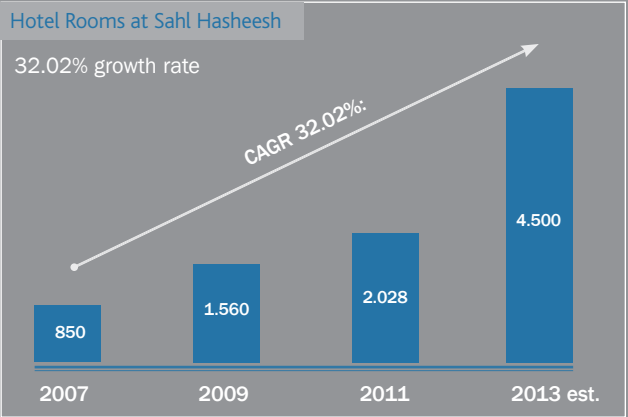
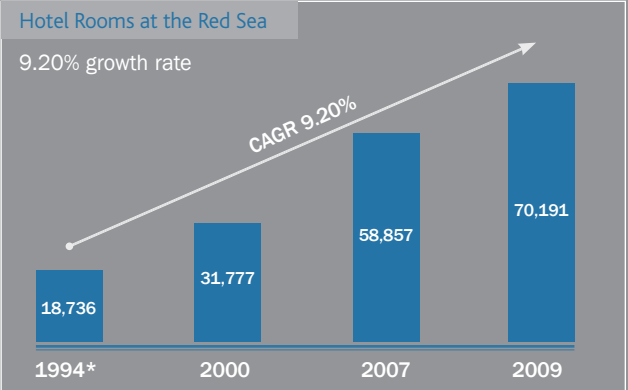
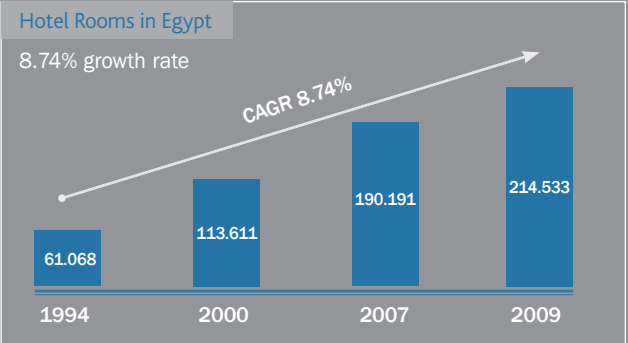
Similarly, real estate investors and investment vehicles would be well advised to acquire Sahl Hasheesh properties, as property values are expected to increase sharply over the next 5-10 years due to a broad-based economic and sector recovery as well as the limited supply of Sahl Hasheesh-like destinations.



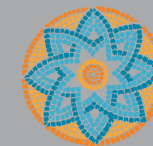
Sahl Hasheesh is growing at a rate that is three times faster than that across Egypt and the Red Sea

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.

Growth rates for the number of hotel rooms at the most prosperous international resorts (Majorca, Malaga, Tenerife, Gran Canaria) range between 900 to 1,800 rooms a year, which indicates that the natural development period for Sahl Hasheesh should range between 30 to 50 years to safeguard the area's success and ensure that supply is in step with market demand and its underlying growth drivers.



Master Development



SAHL HASHEESH
RED SEA, EGYPT

Sahl Hasheesh



Covering an area approximately two-thirds the size of Manhattan with a beach front that runs over 12.5 kilometers long, Sahl Hasheesh has been meticulously planned as a largely self-sufficient year-round resort community furnished with well-rounded touristic and residential conveniences and complemented by an integrated and comprehensive service community.



The Sahl Hasheesh Vision

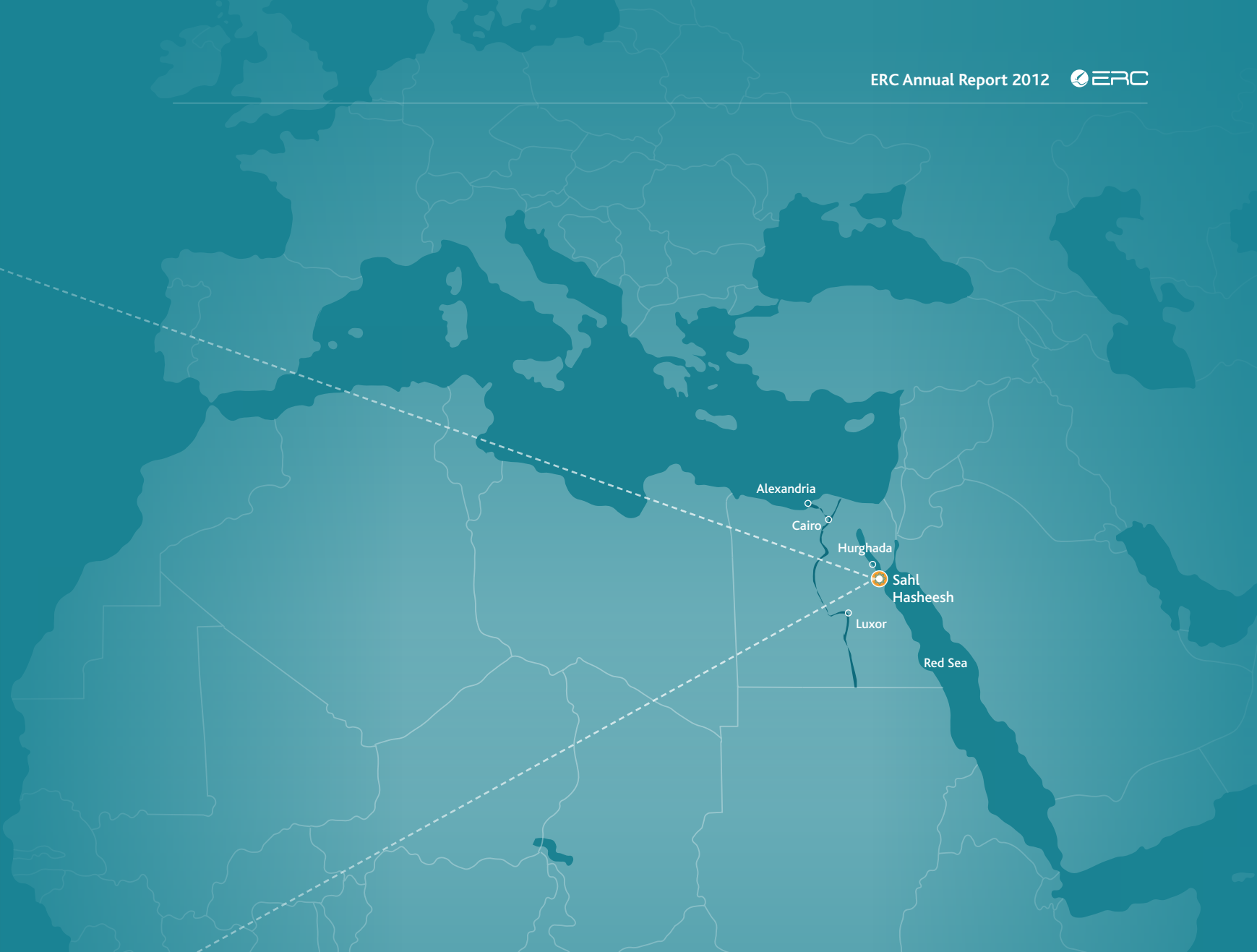
The Sahl Hasheesh concept revolves around establishing a self-sustaining resort city on the Red Sea coast. This year-round community is to be equipped with facilities and infrastructure with minimal dependency on government resources. Sahl Hasheesh is to provide a full spectrum of amenities and attractions, 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 to adopt the best development practices and ideas from successful international resort communities in order to set a new benchmark

for the planning of Egyptian resort cities. In developing Sahl Hasheesh, ERC is responsible for:

- 1) Land acquisition
- 2) Urban planning
- 3) Design Guidelines and Conditions Development and Enforcement
- 4) Infrastructure Investment
- 5) Strategic Asset Development
- 6) Maintenance and Community Management

	Sahl Hasheesh 2012	Upon Project Completion
Hotel rooms	Delivered : 2,318 rooms Under construction: 7,000 rooms	projected: 35,000 rooms number
Residential units	Delivered : 1,363 villas/ apartments Under construction: 1,700 villas/apartments	35,000 + residential units
Entertainment and retail space	54,000 m² retail	850,000 m²
Sahl Hasheesh population	4,500 inhabitant (est.)	200,000 - 270,000 inhabitant (est.)
Number of hotel and residential projects	33 projects	181 projects (est.)



Sahl Hasheesh: A Seaside Resort Town on the Red Sea Coast

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
- 41 million m² / 4,100 hectares in size

Unique Characteristics:

- An all sea-view resort — land elevations rise gently from sea level up to 120 meters at the western edge of the resort
- 12.5 km bay
- 9 km of swimmable sandy beach
- Year-round destination with moderate to hot weather with low humidity and calm waters

 SAHL HASHEESH RED SEA, EGYPT	In the Master Plan			
	1- Bedouin Village Eco-Lodges	8- Education Village	15- Interpretive Trail	22- Public Utility Zones
	2- Pharaonic Gates	9- Public Library	16- Amusement Park	23- Wadi Preserve
	3- Arrival Plaza and Old Town	10- Botanical Garden and Resorts	17- Water Park	24- Equestrian Center
	4- Oasis Resorts and Swimmable Lagoon	11- Resort Golf Course	18- Sawari Marina	25- Transportation Hub
	5- Commercial/Entertainment Core	12- Championship Golf Course	19- Employee Housing	26- Convention Center
	6- Aquarium	13- Hillside Village	20- Renewable Energy Farm	27- Mountain Golf
	7- Downtown Urban Core	14- Office Park	21- Primary Resort Entries	28- Wadi Golf
				29- Gondola Station/ Observation Tower
				31- Large Format Retail & Distribution Center
				32- Sports Club

Master Development

Sahl Hasheesh



Sahl Hasheesh is ERC’s unique, purpose-built Red Sea destination, located 18 kilometers south of Hurghada International Airport (around 475 kilometers from Cairo). This 4,100 hectare year-round development — approximately two-thirds the size of the island of Manhattan — is expected eventually to exceed the population of Hurghada. The 12.5 - kilometer - long bay has long been a popular destination, renowned for excellent diving and its beautiful beach, one of the longest stretches of swimmable bays on the Egyptian Red Sea coast.

In 1995, ERC acquired the Sahl Hasheesh land bank. Over the years, in partnership with leading global consultants, ERC has planned and directed the development of Sahl Hasheesh according to the highest international standards, growing the weighted average price (WAP) of its land bank to a high of USD 143 per square meter in 2008.

All resort infrastructure has been installed for the 5.99 million-square-meter Phase I area and all under-development plots in the 6.03 million-square-meter Phase II area, with first hotels having opened and first apartments delivered in the first half of 2007. With stunning five-star hotels, luxurious apartments, a beautiful downtown waterfront, unforgettable dive sites, golf courses, a cinema complex, and a world-class marina, Sahl Hasheesh is poised to become one of the most exclusive addresses on the Red Sea.

Nestled in the spectacular surroundings of Sahl Hasheesh, exclusive hotels and apartments with direct beach access are now available for short-term stay, purchase or lease. The resort’s 5-star hotels, including the Old Palace, Dessole, Premier Le Reve, Premier Romance and Tropitel offer vacationers the best value-for-money on the Egyptian Red Sea coast. The highest quality flats at Old Town, Azzurra, Veranda, Palm Beach Piazza, 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 promises dynamic growth in tourist arrivals and Red Sea real estate prices in the coming years.



*Delivered hotel
rooms: 2,318*



Old Town

Sahl Hashsesh



The Development of Sahl Hasheesh

Phases I and II of Sahl Hasheesh are presently home to 2,303 hotel rooms and suites and 1,378 residential units managed by brands including Premier Le Reve, Premier Romance, Dessoie, and Tropitel. In addition to the completed hotels and residential neighborhoods, 54,000 square meters of retail and entertainment property are currently available 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. The signing of Orascom Development Holding (ODH) for the development of the Sawari Marina and surrounding real estate has added a central feature to the Sahl Hasheesh seascape and lifestyle.

Recent Developments

ERC has completed the installation and testing of a multi-function fiber-optic network to enable triple-play services at Sahl Hasheesh and has signed on Tevotech – a Vodafone affiliate – to deliver and operate the services.

ERC has signed an agreement to develop a 5-star hospital and health facility at Sahl Hasheesh. Fully operational in three years, the facility will include a 24-7 clinic, an ambulance service and a laboratory from day one.

On the Horizon

In 2013, ERC maintains its focus on breaking ground in its Sawari Marina – a co-development project with Orascom Development and Management. Top priorities include finalizing the design development drawings and dredging the Marina.

An additional 1,000 hotel rooms are expected to open their doors to tourists in Sahl Hasheesh and an additional 200 residential units are expected to be delivered to their owners.

*54,000 sqm
of retail and
entertainment*



*Constructed
residential units:
1,363*



Old Town

Master Development

Sahl Hasheesh

Infrastructure



Infrastructure: Phases I & II

Creating comprehensive networks of state-of-the-art infrastructure lies at the core of ERC's development framework and business model as showcased at it is 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 I and II of Sahl Hasheesh have been completely self-funded by ERC including 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 Systems

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



Water Supply and Irrigation Systems

- 10,000 m³ / day desalination plant
- 31,283 m long water supply network
- 12,000 m³ of water storage capacity
- 16,994 m long irrigation system
- 113,317 m long surface irrigation network
- 6,000 m³ of irrigation water storage capacity and a 6,000 m³ / day pump station



Sewage Collection and Treatment

- 7,500 m³ / day sewage treatment plant
- 6 lift pump stations + 2 more under construction
- 14,085 m long main sewage network
- 26,068 m of gravity pipelines



Electricity

- 20 MVA through El Canal Company for Electricity Distribution
- 128,478 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
- Applied for a permit to establish a 220/22 kV substation with a production capacity of 125 MVA to cover electric future power requirements for all three phases



Communication and Information Technology

- 15,200 m long main optical fiber network to serve Phases I and II
- 10 cellular towers supporting all three mobile operators
- leading Video on Demand (VOD) service provider, Ibahn, serving all electing projects



Master Development

Sahl Hasheesh

Strategic Projects



ERC develops strategic projects to drive growth at the Sahl Hasheesh master-planned community. These core real estate developments form an integral part of the company's revenue streams and, ultimately, its overall business model. Core, strategic projects at Sahl Hasheesh include the lavish Arrival Piazza, iconic Pier, bustling Old Town, landmark Sawari marina and collaborative marine research center.

The Arrival Piazza

- The Arrival 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 weekly parties in season



The Pier

- This iconic structure extends seawards for 489m and approvals have been obtained to dock visiting boats here, with a capacity of 9 medium-sized yachts



Old Town: Phase I Commercial Center

- The first phase covers 15,000 m² with a built-up area of 42,298 m² across 8 buildings
- The project houses 179 retail units, 35 food and beverage outlets, a health spa, 3 cinemas and 67 residential units



The Sawari Marina

- This landmark project was planned by renowned resort planners WATG and is being marketed and developed in cooperation with Orascom Development Management (ODM)
- The first phase of the project will accommodate over 330 yachts of various sizes, three hotels, 1,095 villas and residential units, a commercial center, and lakes and waterways

Master Development

Sahl Hasheesh

Phase I & II: Development Progress



Sahl Hasheesh land sales to value-adding sub-developers is one of the primary sources 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, 52 plots of land have been sold, representing 77% of the total land available for sale in phases I and II. The projects to be set up on these plots include 23 hotels, 22 residential projects, two golf courses, three commercial projects and the marina (two phases).

Phase 1

5.99
million m²

Hotels

- Operational hotel rooms: 1,647
- Rooms expected to enter operations in 2013/2014: 3,118

Residences

- Units and villas delivered: 1,003
- Units and villas expected to be delivered in 2013/2014: 143

Strategic Projects

- 42,000 m² of commercial space, food and beverage outlets and cinemas
- 2 international golf courses expected to enter operations in 2014



Phase 2

6.03
million m²

Hotels

- Operational hotel rooms: 671
- Rooms expected to enter operations in 2013/2014: 1,392

Residences

- Units and villas delivered: 360
- Units and villas expected to be delivered in 2013/2014: 462

Strategic Projects

- Phase one of the marina shall have a capacity of 330 yachts of various sizes, 3 hotels, 1,095 villas and residential units, and a commercial center



Master Development

Sahl Hasheesh

Phase III: Outlook

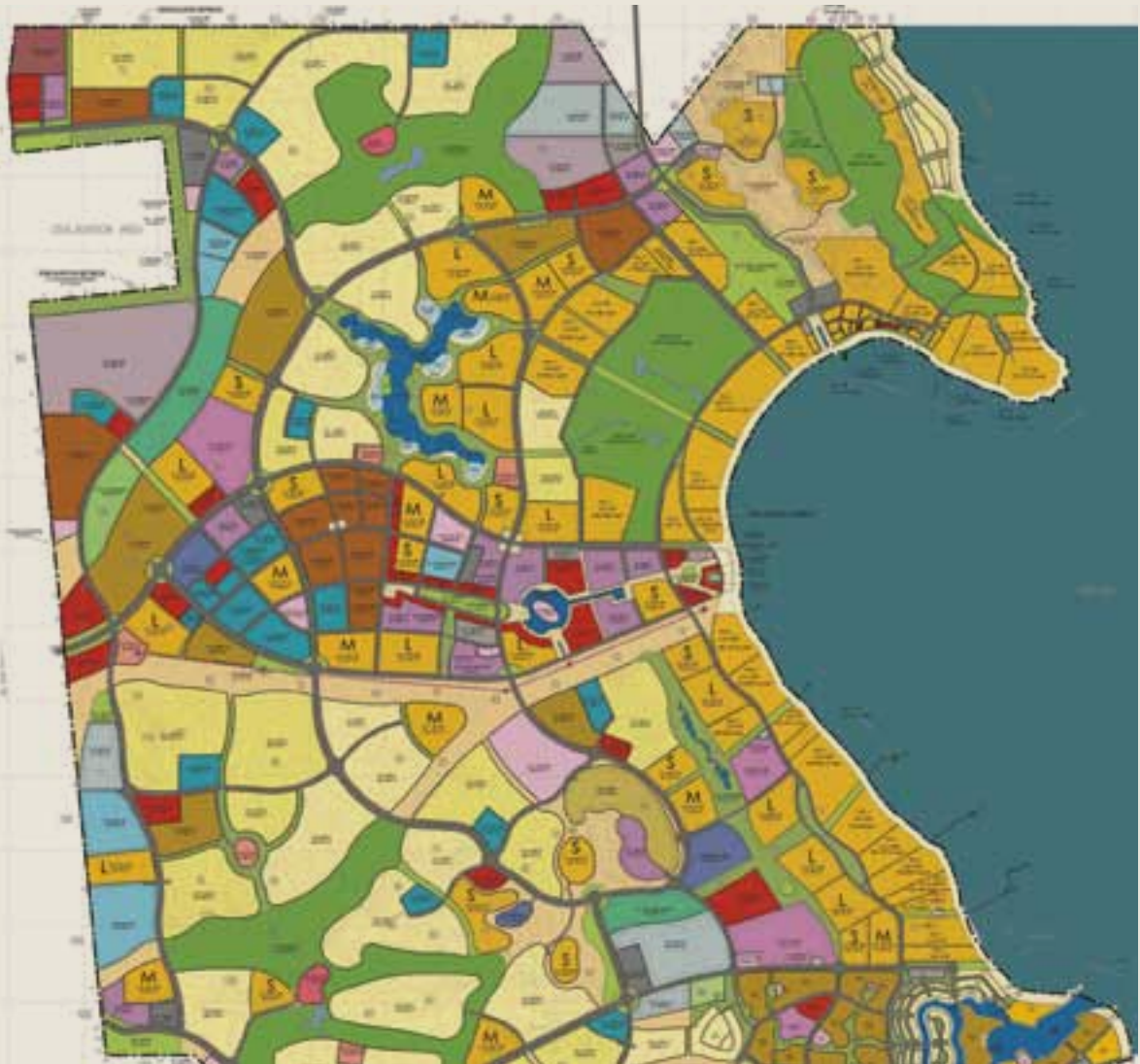


The development of the Phase III master plan has entailed revisiting some aspects of the first two phases to enhance continuity between all phases to help achieve the ultimate project goal of developing a truly comprehensive international resort community that can accommodate 250,000 inhabitants.

Phase III covers an area of 28 million square meters and lies behind the first two phases at an average of 1.5 kilometers from the shoreline with development reaching as far back as five kilometers from the sea. 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 III leasing fees to the TDA and on land allocation and contractual installments for the acquisition of the Phase III 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 III and maintain the exceptional standards that the company has adopted since inception:

Master planning consultant	WATG Inc.	United States office
Feasibility consultant	AECOM	United Kingdom office
Traffic, transport and mobility consultant	Mobility in Chain	Italy office
Infrastructure and detail planning consultant	AAW Consulting Engineers	Egypt office
Waterways consultant	Buro Happold	United Kingdom office
Sustainability consultant	XCO2 Energy	United Kingdom office
Environmental and EIA consultant	Environics	Egypt office
Cost management consultant	Davis Langdon	United Kingdom and Egypt offices
Landscaping and public areas consultant	EDSA	United States office



Master Development

Sahl Hasheesh

Companies, Brands and Sub Developments



Development Partners

 Phase I and II Master Planners	 Phase III Lead Master Planners
 Feasibility Consultant (Phase I and II)	 Specialist Infrastructure Engineer and Local Master Planner
 Sustainability Consultant	 Waterways and Lakes Engineering Consultants
 Traffic Management Solutions	 Landscaping Consultant
 Cost Analysis Consultant	 Cost Analysis Consultant
 Development & Management	 Feasibility and Market Analysis Consultant
 Environmental Consultants	 Electrical Networks Design Consultant

Operating Partners

 Phase I Infrastructure Supervisor	 Communication networks
 Communication networks	 Fiber Optic Network Contractor
 Desalination Plant Contractor and Operator	 IPTV and Video on demand provider
 Communication networks	 Sewerage Treatment Plant Operator

Sub-Development Brands

 SAHL HASHEESH	 RED SEA	 SAHL HASHEESH	 resorts & hotels	
	 SAHL HASHEESH	 SAHL HASHEESH		 Hotels & Resorts
	 HOTELS			
	 SAHL HASHEESH	 SAHL HASHEESH	 SAHL HASHEESH	 SAHL HASHEESH
 Sahl Hasheesh	 SAHL HASHEESH	 SAHL HASHEESH		 SAHL HASHEESH
 SAHL HASHEESH		 SAHL HASHEESH	 EGYPT	 EGYPT
 Real Estate Development & Management	 HOTELS & RESORTS			

ERC Projects

SAWARI

Jamaran
SAHL HASHEESH

OLD TOWN
SAHL HASHEESH

ERC Projects

Sawari

The Marina at Sahl Hasheesh

SAWARI



Egyptian Resorts Company (ERC)

THE OWNER

Description

- Master developer of international standard resort communities on a fully-integrated management basis
- Incorporated in Egypt and headquartered in Cairo
- 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

MainResponsibilities

- Project Support and Approvals
- Project Oversight & Controls
- Direct Contractual Relationships
- Cash Flow



WATG

THE DESIGNER

- World’s leading design consultant for the hospitality, leisure and entertainment industries
- Delivered award-winning designs in 160 countries and territories across six continents
- Turned projects into international landmarks, renowned not only for their design and sense of place, but also for their bottom-line success

- Concept Master Plan
- Concept Architecture (phase 1)
- Design supervision



Orascom Development & Management (ODM)

THE DEVELOPMENT MANAGER

- Wholly-owned subsidiary of ORASCOM Development Holding AG (ODH)
- ODH is a developer of fully integrated towns, offering hotels, private villas, apartments, leisure facilities and supportive infrastructure
- Expert developer of marina-centric communities
- The Group has an attractive pipeline of projects under development in 7 countries around the world

- Development Management, including:
- Project Initiation & Planning
- Project Design & Tendering
- Project Execution & Construction
- Contract Administration
- Support & Advisory Services
- Sales & Marketing



- | | | | |
|---|-------------------------------------|----|----------------------|
| 1 | PUBLIC PARKING / TRANSPORTATION HUB | 9 | OPEN SPACE GREENBELT |
| 2 | YACHT CLUB | 10 | BEACH CLUB AND PARK |
| 3 | PUBLIC PIAZZA | 11 | RETAIL CENTER |
| 4 | BEACH | 12 | AQUA PARK |
| 5 | WATERFRONT PROMENADE | 13 | EQUESTRIAN CENTER |
| 6 | FISHING VILLAGE | 14 | UTILITY ZONE |
| 7 | BOAT RAMP | 15 | WADI PRESERVE |
| 8 | SPECIALTY RETAIL CENTER | 16 | WATER TAXI |
| | | 17 | COMMUNITY CENTER |



Total area	2,500,000 m²
Water surface	117,000 m²
Number of hotels- Phase I	3 hotels
Villas/apartments-Phase I	1000 units
Pedestrian Promenade	2 kilometers

Sawari The Marina at Sahl Hasheesh

S A W A R I



ERC Projects

Jamaran

Sea-front villas



Opening in 2015

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 will have the option of four different villa designs, each of which possesses its own unique architectural style while embodying the elegance, simplicity and charm associated with the Jamaran name.

Each home design includes several bedrooms, washrooms, spacious kitchens and living rooms, optional 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 c. 800 square meters. 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 with 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 m ²
Number of villas	181
Villas BUA	318 m ²
Private garden for each villa	800 m ²

Jamaran Sea-front villas



ERC Projects

Old Town

The downtown of Sahl Hasheesh



The Retail and Entertainment Hub at Sahl Hasheesh

Located at the heart of Sahl Hasheesh, and overlooking the seaside promenade, Old Town is the development's bustling downtown area primarily serving Phase I of the project. Old Town covers nearly 15,000 square meters of sea-front property with a built up area in excess of 44,000 square meters, across eight buildings, offering a multitude of retail and entertainment facilities along with a number of residential apartments. In total, Old Town houses 179 retails shops, 33 food and beverage outlets, two spas and health clubs, three cinemas, and 67 apartments.

Designed and constructed to exacting international standards, Old Town has managed to attract top-tier international and local retailers with 55 retail spaces rented out with 40 that are already up and running.

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. A boardwalk linking Old Town to the exclusive seaside villas of Jamaran is also planned.



Around 31% rise in commercial occupancy rate at Old Town in 2012.



Component	Quantity	Total BUA (m²)
Retail shops	179	9,603
F&B Outlets	33	7,708
Spa & Health Club	2	1,160
Cinemas	3	1,500
Apartments	67	4,291
Services		19,185

Old Town

The downtown of Sahl Hasheesh



Organization

Management Team



Mohamed Kamel

Chief Executive Officer

Mr. Kamel assumes the role of Chief Executive Officer 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, banking, and trading. Mr. Kamel assumed several roles in different divisions of KATO, including sales and marketing, operations and project management, business development, and finally group Vice President of Strategy 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 Bachelors degree in Economics with high honors from the American University in Cairo and an MBA with distinction from Harvard Business School.



Hassan Azab

General Manager - Sahl Hasheesh Company for Touristic Investments

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.



Abu Bakr Makhoul

Head of Investor Relations

Mr. Makhoul has over thirteen years of experience in strategy, commercial management and investor relations. Prior to joining ERC, Mr. Makhoul served as the Commercial Strategy Manager at CEMEX, a world leading cement and Ready Mix producer. During his tenure with CEMEX, Mr. Makhoul 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. Makhoul is lecturing Strategy and International Marketing at the American University in Cairo and has published case studies on the reforms of the Egyptian Economy and the prospects of the global telecom industry through IESE Business School.

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



Carlos Arenas

Director - Strategy and Business Development

Prior to joining ERC, Mr. Arenas spent the last four years of his career with McKinsey & Company, a strategy and management consulting firm. While at McKinsey, Mr. Arenas led teams advising a geographically and industrially diverse client pool, from telecom companies in Spain and Portugal to Egyptian ministries, on a wide range of issues, including strategy, M&A and core operations. Most relevant to ERC is his real estate and master development experience acquired on engagements mainly for the Egyptian government. Mr. Arenas also worked as a project manager for oil and gas multinationals Union Fenosa and BG Group prior to his MBA.

Mr. Arenas holds a Master of Science in Chemical Engineering from the Alfonso X University in Madrid and an MBA from INSEAD Business School.



Darren Gibson

Vice President - Planning and Development

Mr. Gibson joined ERC with over 20 years of experience in public and private sector urban planning, including 8 years as a Company Director in town planning and development consultancy practices. He has extensive experience in assessment and management of urban planning projects, including master plans and large urban land release areas, major tourism projects, commercial and residential projects and major infrastructure. Mr. Gibson spent nine years as a town planner for Tweed Shire, a regional government in Australia which covered an area of 1,300 square kilometers, specializing in urban planning, strategic feasibility studies and land use structure planning.

Mr. Gibson holds a Bachelors degree with honors in Town Planning from the University of New South Wales, Sydney, Australia. He is also accredited as a Certified Practicing Planner by the Planning Institute of Australia.



Hazem Kassem

Head of Approvals

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 Bachelors degree in Architectural Engineering and Environmental Design from the Arab Academy for Science and Technology.

Management Team



Mohamed Kamal Saad

Director - Community Management

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.



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.



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, Misr 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.

Mr. Shendy holds an MBA in Corporate Strategy and Economic Policy from the Maastricht School of Management, and is a certified assessor for business excellence as well as a Certified Management Consultant from Institute of Management Consultancy - UK.



Sherif Omar

Head of Infrastructure - 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. He holds a BSc in Mechanical Engineering from Cairo University.



Wael Abou Alam

Director - Finance and Administration

Prior to joining ERC, Mr. Abou Alam was the Group Financial Controller for Gozour, Citadel Capital’s food holding company, which comprises a number of leading brands such as Rashidi Al Mizan, El Masreyeen, Enjoy and Dina Farms. Prior to this position, he was the Financial Planning, Analysis & Reporting Manager for Misr American Carpet Company (MAC). Mr. Abou Alam was also employed by ExxonMobil for over 14 years, rising to become the North Africa Cluster Fuel Marketing Business Analysis & Reporting Manager. Mr. Abou Alam holds a Bachelors degree in Accounting from Cairo University and an MBA in Banking & Finance from the Maastricht School of Management.

Corporate Governance

ERC assigns central importance to the implementation of rigorous corporate governance practices. ERC believes 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 Chairmen and the 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:

- Dr. Samir Makary (Chairperson)
- Mr. Mohamed Kamel (Member)
- Eng. Abdel Monem Attia (Member)
- Dr. Eskander Tooma (Member)
- Mr. Ahmed Abou Hendia (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. Atef Tawfik (Member)
- Mr. Mohammed Hussein (Member)
- Mr. Atef El Zeibak (Member)
- Mr. Mohamed El Dali (Member)

The Nomination and Remuneration Committee

The Human Resources 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 HR 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 Abou Hendia (Chairperson)
- Dr. Samir Makary (Member)
- Mr. Mohamed Kamel (Member)
- Mr. Wael El Hatow (Member)
- Mr. Mohamed Helmy El Saeed (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 11 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 10 times in 2012.

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.

Additional Board Consultants & Experts

To complement the membership of the various board committees, the Board draws on the expertise of the following consultants:

Dr.Eskander Tooma is co-owner and board member of Premium International for Credit Services and a board member of 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 AUC.



Board of Directors



Dr. Samir Makary

Chairman

Dr. Makary has over 20 years of experience in financial analysis.

With Hazem Hassan Management Consultants and other firms, he has advised many public and private institutions, including the Tourism Development Authority and the Ministry of Tourism. He is also a long-time distinguished professor of Economics at AUC.

Dr. Makary holds a Bachelors and Masters in Economics from the University of Alexandria, with a second Masters in Economic Development from the University of Strathclyde and a PhD in Economics from the University of Leicester. He is a member of the Remuneration and Nomination Committee and chairs the Executive Committee.



Mr. Mohamed Kamel

Chief Executive Officer

Mr. Kamel assumes the role of Chief Executive Officer 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 Bachelors 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 and Remuneration and Nomination Committees.



Eng. Abdel Monem Attia

Representing KATO Investment

Eng. Attia is Chairman of KATO Real Estate Development. Previously, he was Chairman of Saudi Egyptian Belgium Construction. With more than 50 years experience in real estate and tourism investment, he sits on the board of First Arabian Real Estate & Tourism Investment, Ghazala Hotels, and International Airports Co.

Eng. Attia holds a Bachelors degree in Architecture from Cairo University. He is a member of the Executive Committee.



Mr. Atef El-Zeibak

Member, Representing Misr Life Insurance

Mr. El-Zeibak is General Manager of Technical Affairs at Misr Insurance Co., where he has spent a combined total of over twenty years, punctuated only by a brief stint between 2008 and 2011 as the General Manager at Egyptian Takaful Life, a company he helped found. In addition to sitting on the Board of ERC, Mr. El-Zeibak is also currently the Vice Chairman of the Life Assurance Committee at the Insurance Federation of Egypt.

Mr. El-Zeibak holds a Bachelor of Commerce in Business Administration from Helwan University, as well as a Diploma in Life and Disability Underwriting from the Assurance Medical Society (AMS) in London, UK. Mr. El-Zeibak is a member of the Audit and investment Committee.



Mr. Atef Tawfik

Representing KATO Investment

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 Bachelors degree in Banking Management from Sadat Academy for Management Science. He is a member of the Audit and Investment Committee.



Dr. Hamza Al Kholi

Representing First Arabian Development & Investment

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.

Mr. Al Kholi holds a Bachelors degree in Pharmacy from King Saud University.

Board of Directors



Mr. Ahmed Abu Hendia

Representing First Arabian Development & Investment

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 Bachelors degree in Law from Ain Shams University. He chairs the Remuneration and Nomination Committee and is a member of the Executive Committee.



Mr. Mohamed Aldali

Representing Misr Insurance

Mr. Aldali is a General Manager of the Due Diligence and studies operation. Al Dali enjoys deep expertise in fields ranging from financial analysis to due diligence studies, securities valuation and restructuring of joint stock companies.

Mr. Aldali holds a Bachelors degree in Commerce from Cairo University. He also holds Diplomas in Statistical Analysis and Securities Markets Analysis also from Cairo University. Additionally, he holds an Insurance Diploma from the Chartered Insurance Institute in London. He is currently pursuing a CFA. He is a member of the Audit and Investment Committee.



Mr. Mohamed Helmy El Saeed

Representing Rowad for Tourism

Mr. El-Saeed joined ERC's board of directors at the end of 2012 with over 30 years experience as an executive manager and investment advisor for a number of prominent commercial banks in Egypt. El-Saeed is the Chairman and CEO of Rowad for Tourism and is also a board member for a number of leading companies, including Rowad Dahab for Tourism Development, MG Group, West Suez Gulf Development Company, and Wataniya Maritime Company.

Mr. El-Saeed is a graduate of Ein Shams University faculty of law and holds a Master's Degree in Law and Economics from the same institution. He is a member of the Remuneration and Nomination Committee.



Mr. Mohamed Hussein

Representing Misr Insurance

Mr. Hussein is currently the Head of Investment at Misr Insurance Co. and a board member at ARCOSTEEL, as well as the newest addition to the ERC Board. Mr. Hussein has worked at Misr Insurance Co. for more than ten years, bringing great depth of experience in the field of investment to the Board.

Mr. Hussein holds a Bachelors of Commerce in Accounting as well as a Diploma in Accounting from Cairo University. He is a member of the Audit and Investment Committee.



Mr. Wael El Hatow

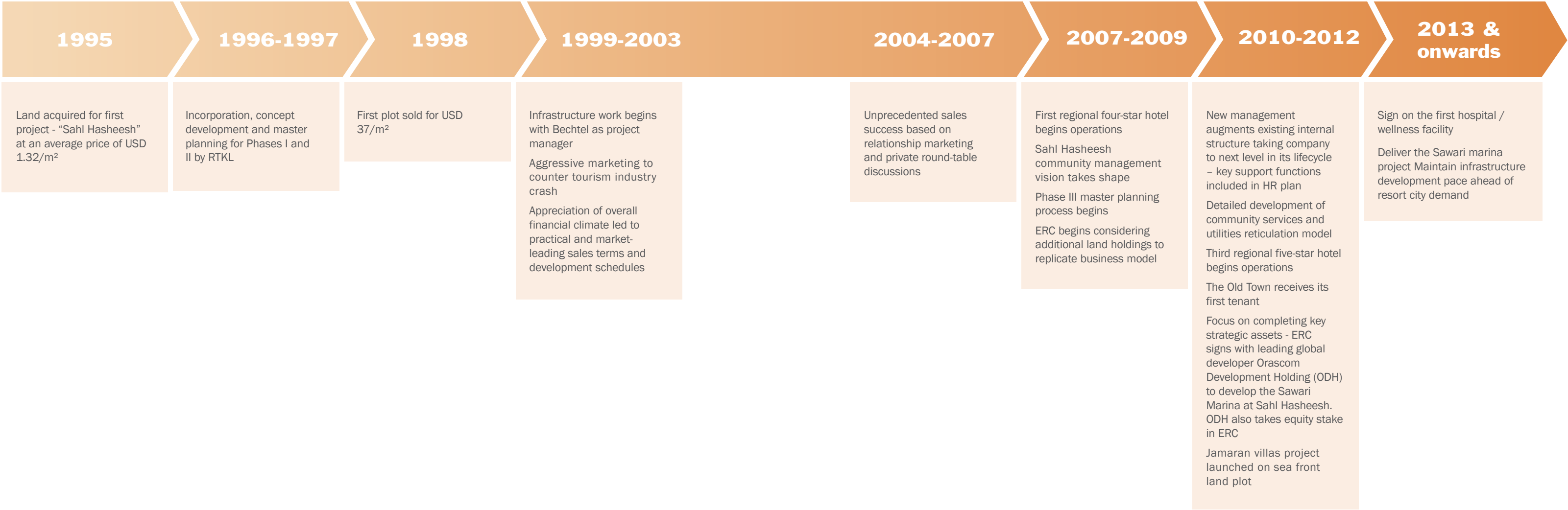
Representing Al Ahly Capital Holding

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 Bachelors 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 Remuneration and Nomination Committee.

History of ERC's

Sahl Hasheesh Community





Financial Statements

Egyptian Resorts Company

The consolidated Financial Statements For the financial year ended December 31, 2012 And Auditor’s Report

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, 2012 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, 2012, 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. (32) 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 Sahl Hasheesh, and 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. And in the light of the receipts delivered, The company’s management and its legal consultant believes the solidity of the company’s legal position The lawsuit is now still pending before the state attorneys’ authority, whom decided to postpone the lawsuit for a hearing on May 16, 2013. The company’s legal consultant believes that the lawsuit is still in its early stages, though it would be impossible for the time being to predict the results of the lawsuit in this early stage of dispute. 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 yet determined.
- 2 As disclosed in detail in note No. (32) 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 Sahl 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 L.E 70.445 million on December 31, 2012. And the company raised a lawsuit to cancel this resolution which is issued from TDA of taking the land of phase 3 back and taking into consideration that this resolution is submitted to administrative court on September 21, 2011. And in the light of the implemented provisions by ERC and regulations of the contract concluded between TDA And ERC on October 24, 1995, The company’s management and its legal consultant believes the solidity of the company’s legal position, and the court decided to assign the lawsuit to the state attorneys’ authority to prepare a report for a legal opinion, and the lawsuit is postponed for a hearing on June 17, 2013 in order to enable ERC to reply and submit the documents, though it’s too soon to predict the results of the report of the state attorneys’ authority in the dispute. 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 yet determined.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company, the financial statements are in agreement thereto, the inventory was counted by management in accordance with methods in practice.

The financial information included in the Board of Directors’ report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the Company’s books of account in the limit of the data which has been recorded in the books.

Hesham Gamal ElAfandy

Auditors’ register
At the Money Market
General Authority No.(100)
KPMG Hazem Hassan
Cairo, March 28, 2013

Egyptian Resorts Company

The Consolidated Balance Sheet of the Company and its Subsidiaries As at December 31,2012

Long Term Assets	Note No.	Attach. No	12/31/2012 L.E.	12/31/2011 L.E.
Fixed Assets (Net)	(3-2,4)		149 808 886	152 799 692
Investments' Properties	(3-3,5)	(1)	194 283 085	198 806 617
Projects in Progress	(3-4,6)		1 797 799	11 366 136
Utilization rights of Trade marks	(7)		4 608 326	5 274 926
Accounts and notes receivable - long term (net)	(3-9,10)		43 492 376	68 162 103
Deferred tax assets (net)	(3-20,27-2)		621 556	1 361 421
Total Long Term Assets			394 612 028	437 770 895
Current Assets				
Non-current assets held for sale			91 664	-
Work in process	(3-7, 8)		502 592 847	483 357 384
Inventory	(3-6, 9)		1 865 473	1 262 130
Accounts and notes receivable - Short term (net)	(3-9, 10)		292 720 182	316 050 143
Sundry debtors and other debit balances	(11)		11 957 684	13 049 940
Cash on hand & at banks	(3-11, 12)		88 227 604	100 551 691
Investments in treasury bills	(3-21, 13)		53 711 135	99 435 968
Investments in direct investment funds	(3-5, 14)		20 082 005	-
Total Current Assets			971 248 594	1013 707 256
Current Liabilities				
Provision for claims	(3-13, 15)		12 622 758	10 491 000
Receivable - advance payments	(16)		40 484 900	38 316 052
Sundry creditors and other credit balances	(3-14, 17)		100 770 254	86 181 637
Due to Authority of Touristic Development (due within one year)	(18)		29 881 495	14 745 431
Estimated cost for development of sold land	(3-8)		87 428 378	107 931 611
Total Current Liabilities			271 187 785	257 665 731
Working capital			700 060 809	756 041 525
Total Investments			1094 672 837	1193 812 420
Financed as follows: Owners' Equity				
Issued and fully paid in capital	(18)		1050 000 000	1050 000 000
Legal reserve	(30)		131 664 379	130 892 541
Carried forward losses			(269 860 682)	(268 655 461)
Net profit (loss) for the year			(99 475 942)	(433 383)
Total Shareholders' Equity			812 327 755	911 803 697
Non-controlling interest	(28)		55 426 636	65 971 156
Total Owners' Equity			867 754 391	977 774 853
Long-term Liabilities				
Purchase of land creditors	(8-3)		226 918 446	216 037 567
Total Long-term Liabilities			226 918 446	216 037 567
Total Owners' equity & Long-term Liabilities			1094 672 837	1193 812 420

The accompanying notes from (1) to (34) form an integral part of these financial statements and to be read therewith.

Financial Director	Managing Director	Chairman
Mr. Wael Abou Alam	Mr. Mohamed Ibrahim Kamel	Dr. Samir Makary

The Consolidated Income Statement of the Company and its Subsidiaries For the financial year from January 1, 2012 till December 31, 2012

	Note No.	From 1/1/2012 to 31/12/2012	From 1/1/2011 to 31/12/2011
		L.E.	L.E.
Net sales	(3-16,21)	6 657 911	11 254 561
Revenues from services rendered	(3 - 16 . 23)	30 450 738	16 924 120
Other operational Revenues		3 385 508	3 002 915
Total revenues		40 494 157	31 181 596
Less:			
Cost of sales	(3 - 17 . 24 - 1)	(7 450 940)	(5 848 822)
Operating Cost of services rendered	(3 - 17 . 24 - 2)	(27 377 552)	(11 484 864)
Depreciation of fixed assets in operation	(3 - 2 .4)	(17 002 533)	(11 841 228)
Gross (Loss) Profit		(11 336 868)	2 006 682
(Less) Add :			
Interest recalled from deferred income	(3 - 16 . 22)	1 960 023	5 926 675
Selling & marketing expenses	(3 - 17)	(3 436 348)	(8 133 358)
General and administrative expenses	(3 - 17 . 25)	(25 507 218)	(28 308 381)
Impairment in receivables	(3 - 12 . 10)	(95 444 168)	(4 287 652)
Impairment in Debtors	(3 - 12)	-	(67 678)
Provisions for claims formed	(3 - 12 . 15)	(2 181 758)	(982 492)
Provisions no longer required	(3 - 12 . 15)	-	3 382 956
(Loss) resulted from operating activity		(135 946 337)	(30 463 248)
Valuation Changes in Investments in direct investment funds	(3 - 4 . 14)	82 009	-
Capital gain (loss)		22 500	(375 000)
Net Financial bank income (charges)	(3 - 18 . 26)	28 878 439	27 610 030
Net Profit (loss) before income tax		(106 963 389)	(3 228 218)
Current income tax	(3 - 20 . 27 - 1)	(3 057 073)	(4 209 527)
Net Profit (loss) after income tax		(110 020 462)	(7 437 745)
Holding Company's shreholders' share in the year's losses		(99 475 942)	(433 383)
Non-controlling interest share in (losses) of subsidiary company for the year	28	(10 544 520)	(7 004 362)
		(110 020 462)	(7 437 745)
Earning per share (L.E / share)	(3 - 24 . 20)	(0.0947)	(0.0004)

The accompanying notes from (1) to (34) form an integral part of these financial statements and to be read therewith

The Consolidated Cash Flows Statement for the Company and its Subsidiaries
For the Financial year from January 1,2012 till December 31,2012

	Note No.	From 1/1/2012 to 31/12/2012	From 1/1/2011 to 31/12/2011
		L.E.	L.E.
Cash Flows from Operating Activities			
Net loss before income tax		(106 963 389)	(3 228 218)
Adjustments to Reconcile Net Profit with Net Cah Flows from Operating Activities			
Fixed Assests' depreciation	(4)	19 983 026	14 730 795
Capital (loss) gain		(22 500)	375 000
Amortization for utilization rights of trade marks	(7)	666 600	666 600
Impairment in Receivables	(10)	95 444 168	4 287 652
Tax adjustments	(12)	669 698	-
Impairment in Debtors		-	67 678
Trasury bills returns	(13)	(11 947 185)	(12 240 546)
Valuation Changes in Investments in direct investment funds	(14)	(82 009)	-
Provisions for claims formed	(15)	2 181 758	982 492
Provisions no longer required		-	(3 382 956)
		(69 833)	2 258 497
Change in Working Capital			
Change in receivables (net)		(35 251 431)	(44 114 128)
Change in inventory		(603 343)	(260 909)
Change in debtors and other debit balances		783 695	323 881
Change in work in process		(18 675 845)	(41 527 118)
Change in receivables advance payments		441 748	(3 064 950)
Change in creditors and other credit balances		14 588 619	45 853 168
Changes in estimated cost for development of sold land		(20 503 233)	(11 435 105)
Change in dues to Authority of Touristic Development		13 708 013	(9 741 919)
Used from provision for claims	(15)	(50 000)	(2 152 044)
Net cash flow (used in) operating activities		(45 631 610)	(63 860 627)
Cash Flow from Investing Activities			
Payments for purchase of fixed assets, projects in progress and property investments	(5,4)	(3 761 684)	(18 452 963)
Proceeds from sale of fixed assets		232 540	11 470
changes in time deposit value (more than three months)	(12)	(11 789 589)	(42 112 000)
Payments for purchase Investments in direct investment funds		(19 999 996)	-
Proceeds from investments in treasury bills		9 268 838	11 060 167
Net Cash available (used in) investing activities		(26 049 891)	(49 493 326)
Net cash & cash equivalent used during the year		(71 681 501)	(113 353 953)
Foreign currency exchange differences		1 842 993	(2 537 777)
Cash & Cash equivalent as at January 1,2012		157 875 659	273 767 389
Cash & Cash equivalent as at December 31,2012	(12)	88 037 151	157 875 659

The accompanying notes from (1) to (34) form an integral part of these financial statements and to be read therewith

Consolidated Statements of Changes in Shreholders' Equity for the Company &
its subsidiaries

For the Financial year from January 1,2012 till December 31,2012

	Issued & Paid in Capital	Legal Reserves	Carried Forward (Losses)	Net (loss) Profit of the year	Minorities interest	Total
	L.E.	L.E	L.E.	L.E.	L.E.	L.E.
Balance as at December 31, 2010	1050 000 000	130 360 967	(264 528 700)	(3 595 187)	72 975 518	985 212 598
Transferred to carried forward losses	-	-	(3 595 187)	3 595 187	-	-
Transferred to legal reserve	-	531 574	(531 574)	-	-	-
Net (loss) for the year	-	-	-	(433 383)	(7 004 362)	(7 437 745)
Balance as at December 31,2011	1050 000 000	130 892 541	(268 655 461)	(433 383)	65 971 156	977 774 853
Transferred to carried forward losses	-	-	(433 383)	433 383	-	-
Transferred to legal reserve	-	771 838	(771 838)	-	-	-
Net (loss) for the year	-	-	-	(99 475 942)	(10 544 520)	(110 020 462)
Balance as at December 31,2012	1050 000 000	131 664 379	(269 860 682)	(99 475 942)	55 426 636	867 754 391

The accompanying notes from (1) to (34) form an integral part of these financial statements and to be read therewith

To download the footnotes please visit: <http://www.erc-egypt.com/investor-relations/>



ERC Egyptian Resorts Company

4A Aziz Abaza St. Zamalek - Cairo - Egypt

tel.: +202 2735 8427 - fax: +202 2735 2743

www.erc-egypt.com