

## ANNUAL REPORT 2014



**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 performance and financial performance by creating memorable destinations and by being a reliable partner to our sub-developers and investors.

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## SAHL HASHEESH: A SEASIDE RESORT COMMUNITY ON THE RED SEA COAST

### LOCATION:

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

### UNIQUE CHARACTERISTICS:

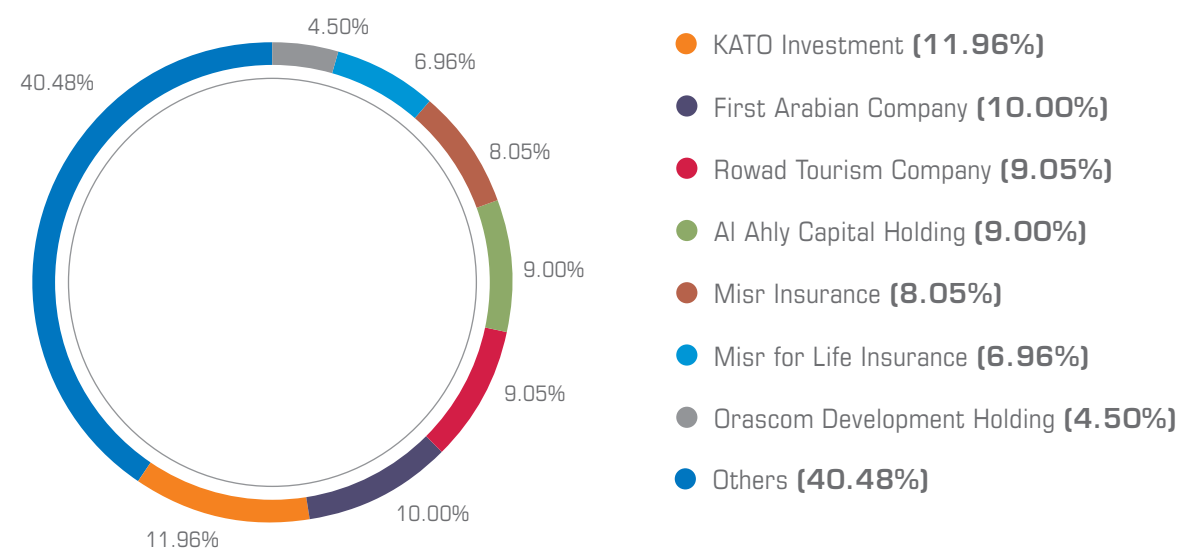
- 32 million m<sup>2</sup> / 3,200 hectares in size
- An all sea-view resort — land elevations rise gently from sea level to 120 meters at the western edge of the resort
- 12.5 km shoreline / 9 km swimmable beach engulfed by a protected bay
- Year-round destination with moderate to hot weather, low humidity and calm waters

# ERC AT A GLANCE

ERC offers a unique value proposition to its sub-developers — the only professionally master-developed and managed 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 master-planned 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\*



\*As at end of fiscal year 2014

## THE SAHL HASHEESH MASTER DEVELOPMENT: ECONOMIC VALUE UPON COMPLETION\*

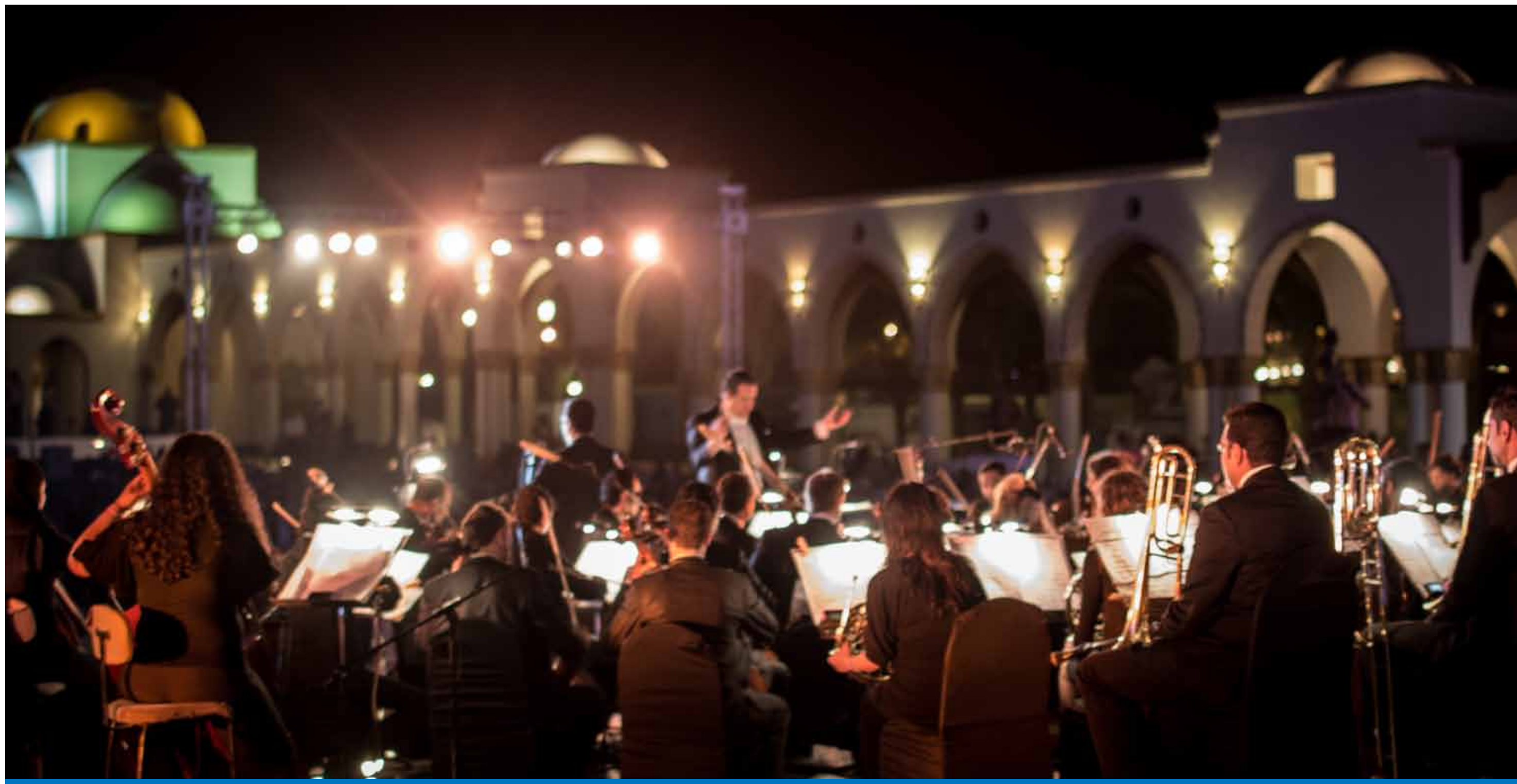
- **USD 110 mn** land acquisition value
- **USD 1 bn** estimated annual revenue inflows to Egypt from the projects
- **EGP 200 bn** total direct investments
- **EGP 285 bn** future tax returns

\*As at end of fiscal year 2014

## A COMPREHENSIVE INTERNATIONAL RESORT TOWN THAT CAN ACCOMMODATE 250,000 INHABITANTS

- **100,000** direct employment opportunities
- **25,000** hotel rooms
- **25,000** residential units
- **850,000 m<sup>2</sup>** commercial and entertainment space





## MANAGEMENT REVIEW



# CHAIRMAN'S LETTER



## DEAR SHAREHOLDERS,

I feel fully confident in saying that Egypt has entered a stage of growth and prosperity, putting behind us the uncertainty and challenges of the post-revolutionary years. In fact, 2014 was — albeit challenging for ERC on a company-level and the Egyptian tourism industry in general — an excellent year, portending real, positive change.

At the close of 2014, outperformance of GDP growth, increased investments in much-needed infrastructure, ongoing subsidy reforms, efforts to eliminate the black market — successful so far — and the return of FDI to Egypt all pointed to a strong 2015. And, of course, 2015 opened with what was probably the most successful (and emotional!) investor conference of all time: The Egypt Economic Development Conference (EEDC) in Sharm El-Sheikh in March.

That conference brought together the elite of the global elite: entrepreneurs, investors, leaders, thinkers, dignitaries. At that promising and hope-filled conference, Egypt attracted investments in the range of USD 38.2 billion to USD 158 billion, with a higher figure seeming to be more likely, given that USD 51 billion was pledged on the second day alone. We also attracted USD 12.5 billion in assistance from our GCC allies and made the front

pages of domestic, regional and global financial newspapers. Some of that coverage was less than positive, of course, but much of the coverage, including in the all-important opinion-shaping journals, The Wall Street Journal and the Financial Times, was overall very positive. I bring up the tone of coverage because tourism relies heavily on public perception, and all positive coverage is good coverage, whether it is in the financial press or the tourism pages.

Importantly for Egypt, the strength of our currency and the stability of our future are looking positive, based on the fact that many of the investments announced at the EEDC are focused on long-term infrastructure projects, promising a sustainable economic future for the oil & gas industry, power generation sector, transportation & logistics projects, real estate & retail and healthcare.

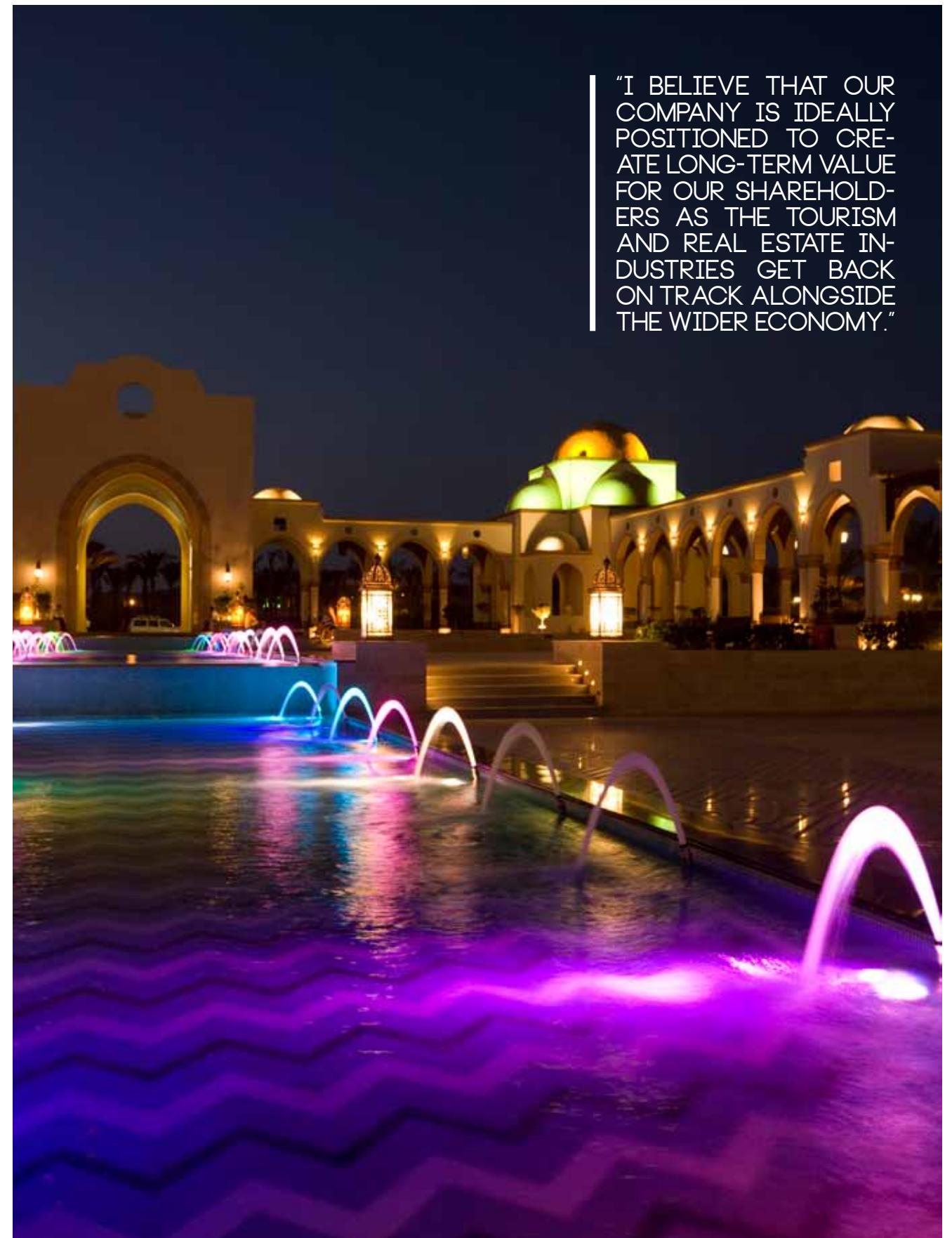
ERC will also be investing further in this great country, as we ourselves announced in early 2015 that we will be developing a commercial and residential project with Palm Hills Developments in Old Town in Sahl Hasheesh. We are particularly pleased with the prospect of this, our second own-development in the community, as we see enormous potential for growth and recurring revenue there.

Of course, tourism will trail the economic growth of the remainder of the country, recovering more slowly but no less steadily. The Red Sea coast, as a bastion of beauty and security far away from gritty urban centers, is further ahead than other parts of the country and has better prospects for a quicker return to strong numbers.

In closing, I would like to reiterate my optimism about the coming year to two years: Egypt is on a path of growth, and with it, the tourism industry has also turned onto that path. As tourism recovers, ERC will be comfortably in place to capitalize on the return to strong growth. We are led by a dedicated and capable team to whom I would like to extend my heartfelt thanks for their efforts over these past few challenging years. We are supported by a Board with deep knowledge of our industry and our country, and to whom I would also like to extend my thanks for their valued leadership over the same period. And, finally, I would like to thank our valued shareholders for their valued and ongoing support.

**MR. ADEL HAMMAD**  
CHAIRMAN OF THE BOARD

"I BELIEVE THAT OUR COMPANY IS IDEALLY POSITIONED TO CREATE LONG-TERM VALUE FOR OUR SHAREHOLDERS AS THE TOURISM AND REAL ESTATE INDUSTRIES GET BACK ON TRACK ALONGSIDE THE WIDER ECONOMY."



# NOTE FROM THE CEO



In 2014, we saw Egypt turn the corner from the post-revolution transition years toward economic growth and stability. Signs are that the tourism industry is likewise poised for a revival, and projections for 2015 are for accelerated growth, despite 2014 proving to be a challenging year all around, for both the company and the tourism sector as a whole.

Obstacles carried over from 2013 included hampered sales and tough conditions outside of anyone's control, such as rising costs, a serious devaluation of the Egyptian pound and unrest in Ukraine — one of Egypt's prime sources for tourists. The ensuing devaluation of the Russian ruble by almost 50% weighed heavily on the industry, and the rate of reservation cancellations from Russia — still the leading source of tourists hailing from Europe — reached nearly 50% toward the end of 2014.

Despite these challenges, 2014 proved to be the most profitable year for the Egyptian tourism sector since the revolution and signs of a more fruitful 2015 are undeniable, with investments in capacity building and the pace of infrastructure development on the Red Sea coast growing each day.

Boosting tourism to the Red Sea remains a high priority for investors and the government alike. Increased government spending on infrastructure projects, such as the USD 335 million expansion of the Hurghada International Airport, is to boost the facility's annual capacity from 7.5 million to 13 million passengers. ERC had also placed special focus on attracting the domestic tourist, as we aim to build a loyal and regular following among this key sector demographic — a strategy that ties in very well with our up-and-coming Tawaya project, in partnership with Palm Hills Developments.

As confidence in Egypt's ongoing recovery continues to grow, a number of countries have also reversed the travel warnings that had plagued the sector since 2011, which has allowed tourist numbers to grow 4% to 9.9 million during 2014 compared to 9.5 million in 2013. Sector revenues for the year also grew 27% to reach USD 7.5 billion compared to USD 5.9 billion in 2013.

We are positive that the Sharm El-Sheikh economic summit in March 2015 also succeeded in making Egypt's case as a vital strategic center for investment and growth in a variety of different industries, not least of which is tourism. As such, and with the management team's undying commitment, we are positive that Sahl Hasheesh will remain the fastest-growing destination on the Red Sea coast.

These improvements in late 2014 and early 2015 come as the domestic security and economic environments continue to normalize, laying the bedrock for a renaissance in the Egyptian tourism sector.

On a more company-focused level, our optimism is bolstered by the rise of consumer and investor confidence in

Sahl Hasheesh, which was mirrored in our land and unit sales and contracts as well as the continued rise in occupancy rates on the Red Sea coast, specifically in Sahl Hasheesh. Occupancy rates in Sahl Hasheesh remain considerably higher than the norm around the country, exceeding 80% compared to 65% on the Red Sea overall.

ERC's net revenues took a hit in 2014 as a result of the termination of a land contract with a sub-developer in breach, which reflected on the company's sales. Nonetheless, gross revenues increased to reach EGP 113.6 million.

## JAMARAN

2014 proved to be one of the best years for Jamaran — ERC's first internally developed real estate project in the resort community — as villas completely sold out, setting the company on course to recognize revenues of EGP 100 million over the coming three years.

## LAND PLOT SALES

The second half of 2014 witnessed increased interest from developers which reflects rising confidence in the tourism sector in general and in Sahl Hasheesh as a destination. That interest was mirrored in a number of land plot sales to new sub-developers and existing ones expanding their operating projects in Sahl Hasheesh. Weighted average selling prices for the year reached USD 109 per square meter.

Furthermore, ERC contracted two non-seafront land plots for c. USD 11.4 million, the revenues of which will be realized in 2015. The plots are located behind the Old Town with the view of adding density to the community's Phase 1 downtown.

In addition, as I write this message, several interested developers are in final-stage negotiations with ERC to acquire significant land plots in Sahl Hasheesh. This is expected to reflect very positively on our 2015 financials and will mark the beginnings of what we believe will be the industry's real recovery.

## SAWARI

For Sawari, ERC will redouble its focus on marketing upon receiving final approvals from the Tourism Development Authority, as the company anticipates that this project will be a leading generator of revenue in the coming years.

## TAWAYA/OLD TOWN

ERC saw increased demand for high-end residential units in Sahl Hasheesh as an opportunity, and announced in early 2015 it would collaborate with Palm Hills Developments to market high-end properties in the Old Town. The project will include 147 beach-front apartments with sizes ranging from 60 to 294 square meters, with a total built-up area of 14,262 square meters. The project is fully constructed, and interior finishing will be completed over the coming 12-18 months.

## STRATEGIC PRIORITIES FOR 2015

Topping ERC's priorities for the coming year is to strike a balance between maximizing sales and liquidity in order to better shield the company from any unanticipated short-term turbulence in the general macroeconomic and political climate and in the tourism sector. The company will focus on a small number of developers, while sparing no effort in ensuring the success of Tawaya, its joint project with Palm Hills Developments.

ERC also plans to revamp its marketing strategy for Sahl Hasheesh in a concerted effort by the company to better its already lofty position and tourism market share, boost sales and maximize occupancy rates at the resort community. A key component of this new strategy will be to increasingly target domestic and Egyptian tourists to build up a loyal and regular following among this key sector demographic, a strategy that ties in very well with the Tawaya project.

Finally, increasing our reliance on domestic tourism will better insulate the company from fluctuations in the number of foreign tourists arriving in the country, in addition to maintaining the community's economic and physical livelihood.

**MR. MOHAMED KAMEL**  
CHIEF EXECUTIVE OFFICER



# OUR BUSINESS MODEL AND 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 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 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-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, in addition to 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 plants, sewage treatment plants and their supporting 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.

## RECURRING REVENUE: COMMUNITY MANAGEMENT SERVICES

Complementing the utilities business, ERC's business 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 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.

## 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, the 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. Soft indirect destination marketing: Adopting a soft marketing approach has helped position Sahl Hasheesh as the destination of choice for visitors as well as encouraging developers to resume investment as tourism and second home purchases regain momentum.

3. Expanding land sales to key developers: Attracting investments through products tailored to developers' needs remains 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 B2C developer with c. 3 million square meters available for development over the next nine to 12 years.



# OUR CURRENT MARKET

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.

We are increasingly confident that the Egyptian tourism industry is poised for a revival, despite the fact that 2014 was a particularly challenging year. Conditions in Ukraine — traditionally a prime source for tourists to the Red Sea — led to a significant drop in tourist arrivals and pushed the Russian ruble's value down, while rising costs also impacted the industry. The drop in the forecasts are for 13.1 million tourist arrivals in 2015 and 14.1 million in 2016, and steadily increasing going forward.

This coming growth in the tourism industry is set to be spurred in part by strong growth of the macro economy. Egypt as a

whole reported a particularly strong year in 2014, with GDP growth outpacing expectations and reaching 4.3% in the second quarter of the 2014/15 fiscal year, FDI picking up and major infrastructure projects driving long-term job creation and growth. The government says it is seeking USD 15 billion in FDI over the coming four years, and the March 2015 Egypt Economic Development Conference (EEDC) in Sharm El-Sheikh drew investment pledges of USD 51 billion.

As in the past, tourism to the Red Sea coast saw less of a decline than overall tourism in 2014, with occupancy rates of

around 65% compared to a country-wide average of 50.3%. European and Russian tourists continue to fly directly to Hurghada or Sharm El-Sheikh for a relaxing beach vacation, bypassing hectic and potentially turbulent urban areas. These tourists are more likely than others to return home with positive reviews of Egypt, driving increased visits.

Domestic tourists are likewise drawn to the tranquility and beauty of the Red Sea coast, while an uncertain economy has encouraged Egyptians to explore the vacation possibilities offered by their own country.

Capitalizing on these trends, our marketing plan and full calendar of events and activities has drawn increased traffic to Sahl Hasheesh from domestic and international tourists. Even more promising, there has been a measurable increase in investor interest in the development. As new investors sign on to Sahl Hasheesh and its projects, and interest in the development grows, management is increasingly confident in the smooth sailing ahead.



# EVENTS

IN INCREASINGLY LARGE NUMBERS, INTERNATIONAL AND DOMESTIC TOURISTS ALIKE ARE HEADED TO THE RED SEA COAST FOR FUN, RELAXATION AND SAFE HOLIDAYS. TO ATTRACT THESE TOURISTS TO SAHL HASHEESH, ERC HAS CREATED A FULL CALENDAR OF EVENTS AND ACTIVITIES.



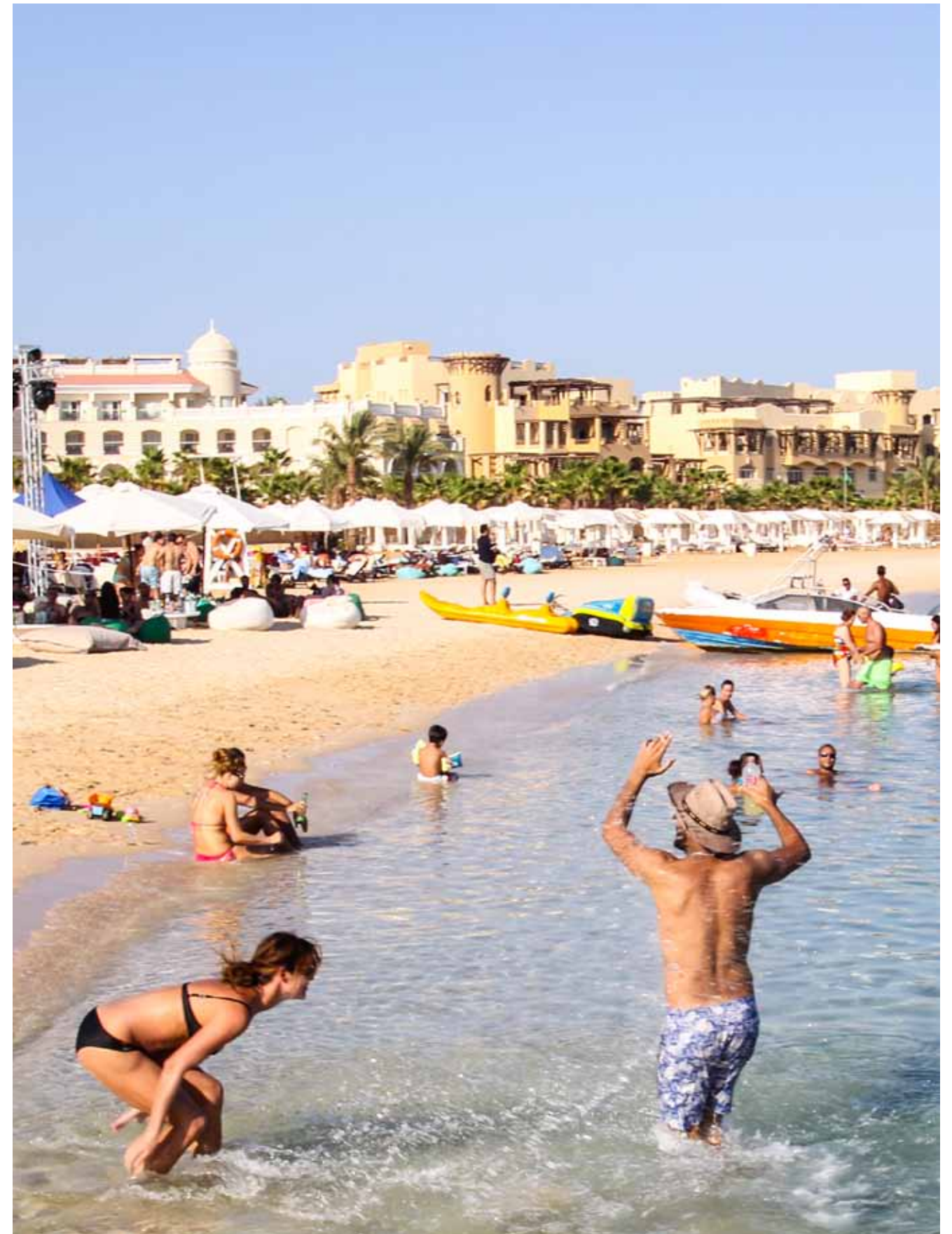
ERC participated in the ITB Berlin in March and the World Travel Market in London, generating a great deal of interest from attendees, with visitors keen to know more about Sahl Hasheesh as a new destination.

In an effort to market Sahl Hasheesh as a new desirable tourist destination, ERC has organized a series of parties and activities during holidays and weekends that have helped attract a significant number of both domestic and foreign visitors to the area.



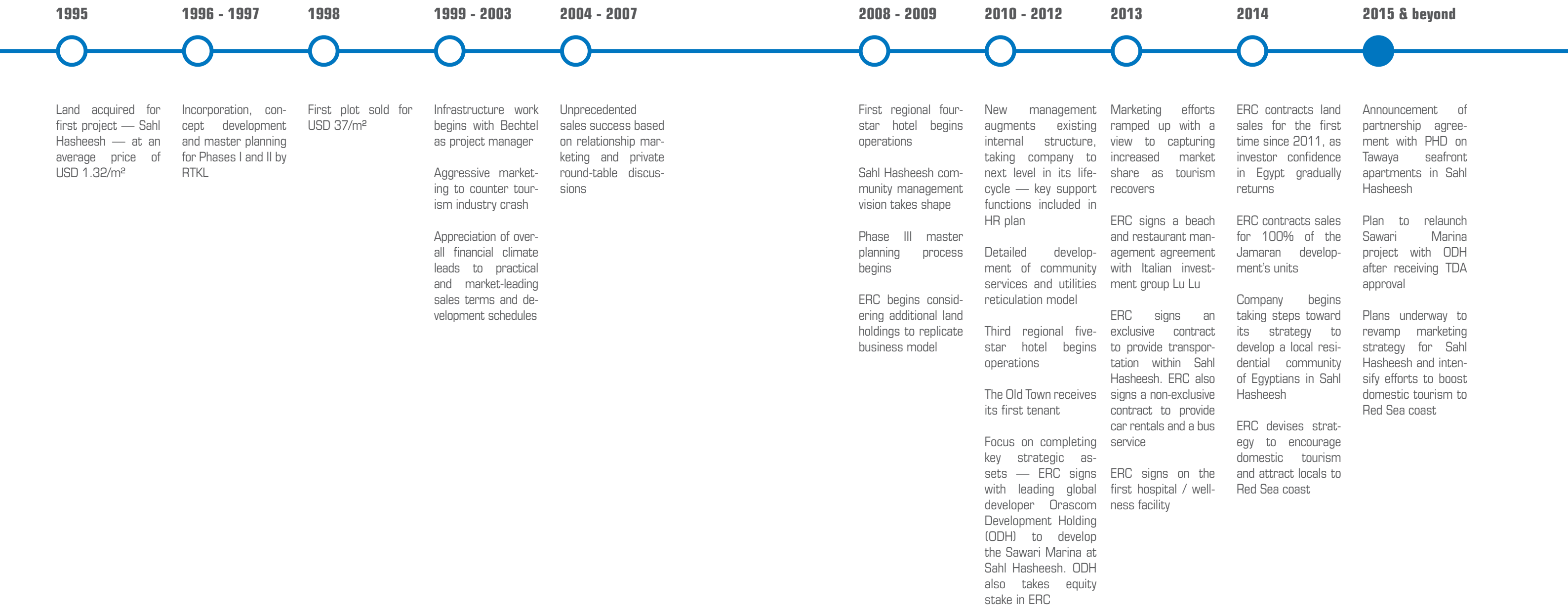
In addition to our weekly Boardwalk beach parties, which feature local and international DJs every Friday from July to October, ERC has also organized a number of other beach events, such as Summersault, Colorscope and Spring Fling, during long weekends and national holidays.

Moreover, 2014 saw Sahl Hasheesh host the annual Train for Aim (TFA) Triathlon for the first time, which saw more than 100 athletes from Cairo's TFA team compete in a two-day championship that garnered much attention from television, print and social media.





# THE HISTORY OF ERC'S SAHL HASHEESH COMMUNITY







## ERC MASTER DEVELOPMENT: SAHL HASHEESH



# THE SAHL HASHEESH VISION

COVERING AN AREA APPROXIMATELY HALF THE SIZE OF MANHATTAN AND WITH A BEACH FRONT THAT RUNS OVER 12.5 KM 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 and 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 in order to set 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
- Maintenance and Community Management



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 151 per square meter in 2012.

With stunning four- and five-star hotels, luxurious villas and apartments, a beautiful downtown waterfront, unforgettable dive sites, golf courses and a world-class marina, Sahl Hasheesh is on program 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 continuously being developed and made available for short-term stay, purchase or lease. The resort's four- and five-star hotels, including the Old Palace, Dessole, Premier Le Reve, Premier Romance, Tropitel and Baron Palace, offer vacationers the best value for their money on the Egyptian Red Sea coast. The highest-quality flats at Old Town, Azzurra, Veranda, Palm Beach Piazza, El Andalous, Ocean Breeze and Paradise Gardens 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

Sahl Hasheesh is presently home to 3,192 hotel rooms and suites managed by brands including Premier Le Reve, Premier Romance, Dessole, Old Palace, Tropitel and Baron Palace, in addition to 1,378 residential units. In addition to the completed hotels and residential neighborhoods, 39,738 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

In 2014, proactive indirect soft-marketing efforts designed to appeal to Egyptian tourists drew in an increasing num-



ber of domestic visitors. In addition to that, the company achieved 100% sales of units in its Jamaran project and laid the groundwork for further self-developed communities.

Last year also saw the Baron Palace Resorts open its doors to visitors for the first time, adding 613 rooms that include 95 suites to Sahl Hasheesh. Located only 15-20 minutes away from Hurgada International Airport, the five-star establishment is one of six anchor hotels in Sahl Hasheesh.

Time Hotels — the UAE-based hotel management company — also inked a deal in Sahl Hasheesh after it won the contract for running the hotel Azzurra within the up-and-coming Azzurra project. This is in addition to the opening

of Premier Romance Restaurant and Beach Bar, as well as ERC's plans to establish a cultural center in the area, for which the company has already signed an MoU.

The Old Town is now home to a total of 119 retail outlets, 50 of which have already been rented out, including a post office — a vital service for any community.

In 2014, ERC signed a number of value-adding agreements that included, but were not limited to, a cultural center, a themed entertainment venue displaying the chronological evolution of Egyptian civilization and a floating water park (Wibit), in addition to a beach operation with Premier Romance hotel.

ERC has also signed an exclusive contract for a point-to-point transportation system within Sahl Hasheesh, as well as another non-exclusive contract to provide car rentals and bus services to cater to commuters from the surrounding area.

#### ON THE HORIZON

ERC's subsidiary Sahl Hasheesh Company (SHC) is set to develop seafront residential properties with industry leader Palm Hills Developments.

Meanwhile, an additional 3,000 hotel rooms are expected to open their doors to tourists in Sahl Hasheesh and an additional 670 residential units are expected to be delivered to their owners within the next four years.



### INFRASTRUCTURE TODAY

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 have been completely self-funded by ERC, including an extensive road network with complete roadside and public service area lighting systems, a thorough water supply system, irrigation and water treatment facilities, reliable electric power distribution networks and cutting-edge communication systems.

#### Communication and Information Technology



#### Roadways and Lighting System

- Connected to public roads, north with Hurghada-Safaga highway and south with Makadi Bay highway
- 42 km of paved internal roadways
- 12.5 km seaside promenade
- Complete lighting network for roads and public service areas

#### Water Supply

- 14,000 m<sup>3</sup>/day desalination plant
- 31,283 m-long water supply network
- 12,000 m<sup>3</sup> of water storage capacity

#### Sewage Treatment and Irrigation

- 7,500 m<sup>3</sup>/day sewage treatment plant
- 8 lift pump stations



Roadways

- 14,085 m-long main sewage network
- 26,068 m of gravity pipeline
- 16,994 m-long irrigation system
- 113,317 m-long surface irrigation network
- 6,000 m<sup>3</sup> of irrigation water storage capacity and a 6,000 m<sup>3</sup>/day pump station

#### Electricity

- 20 MVA through El Canal Company for Electricity Distribution
- 128,478 m-long power network in five radial loops
- 57,207 m of cables to light up resort's road network
- Applied for a permit to establish a 66/22 kV and 100 MVA substation with a production capacity of 75 MVA to cover future electric power requirements
- Licensed power distributor to Sahl Hasheesh since 2012

#### Communication and Information Technology

- 13,000 m-long main optical fiber backbone network
- 4,500 m-long sub network
- 11 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 and Link dot Net offering high-speed internet services to sub-developers

#### Sewage Treatment and Irrigation



#### Water Supply







#### THE ARRIVALS PIAZZA

- The 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 periodic parties



#### OLD TOWN: PHASE I 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



#### 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 (excluding 13 standalone rooftops) with a total built-up area of 14,262 sqm
- The project is fully constructed and finishing will be completed over the coming 12-18 months



#### 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 up to 330 yachts and boats of various sizes, three hotels, 1,095 villas and residential units, a commercial center and lakes and waterways



#### THE PIER

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



PHASES I & II:

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, 72% of the total land available for sale in Phases I and II has been sold. The projects to be set up on these plots include 23 hotels, 22 residential projects, two golf courses, three commercial projects and the marina.

|   | CURRENT  | UPON PROJECT COMPLETION (PHASES I, II AND III) |
|---|--|--|
| Hotel Rooms   | Delivered : 3,192<br>Under construction: 6,300 | Projected: 25,000                              |
| Residential Units (villas / apartments)                             | Delivered: 1,378<br>Under construction: 670    | Projected: 25,000                              |
| Entertainment and Retail Space                                      | 39,738 sqm retail                              | Projected: 850,000 sqm                         |
| Sahl Hasheesh Population  | 4,500 (est.)                                   | Projected: 200,000-270,000                     |
| Total Number of Projects under construction (Hotel and Residential) | 16   | Projected: 181                                 |



Baron Palace Resort Sahl Hasheesh



Old Palace Resort Sahl Hasheesh



Azzurra



Premier Le Reve



Tropitel Sahl Hasheesh



Dessole



Premier Romance



# 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 20 million square meters and lies behind the first two phases at an average of 1.5 km from the shoreline, with development reaching as far back as 5 km from the sea. This depth of desert development from the seafront is unprecedented on the Hurghada coastline.

To date, ERC has spent approx. 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, approx. EGP 50 million has 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 the following 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                   | <b>WATG Inc.</b>                | Irvine, CA, USA              |
| Market and feasibility consultant            | <b>AECOM</b>                    | London, UK                   |
| Traffic, transport and mobility consultant   | <b>Mobility in Chain (MIC)</b>  | Milan, Italy                 |
| Infrastructure and local planning consultant | <b>AAW Consulting Engineers</b> | Cairo, Egypt                 |
| Lakes and waterways consultant               | <b>Buro Happold</b>             | Bath, UK                     |
| Sustainability consultant                    | <b>XCO2 Energy</b>              | London, UK                   |
| Environmental consultant                     | <b>Environics</b>               | Cairo, Egypt                 |
| Cost consultant                              | <b>Davis Langdon</b>            | London, UK, and Cairo, Egypt |
| Landscape and open space consultant          | <b>EDSA</b>                     | Fort Lauderdale, FL, USA     |





# SAHL HASHEESH PARTNERS

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  <p>Phase I and II Master Planners</p>                |  <p>Phase III Lead Master Planners</p>                                  |  <p>Phase I Infrastructure Supervisor</p>                |    |    |    |    |    |
|  <p>Feasibility Consultant<br/>(Phase I and II)</p>   |  <p>Specialist Infrastructure Engineer<br/>and Local Master Planner</p> |  <p>Communication Networks</p>                           |    |    |    |    |    |
|  <p>Sustainability Consultant</p>                    |  <p>Waterways and Lakes Engineering<br/>Consultants</p>                 |  <p>Communication Networks</p>                           |   |    |   |   |   |
|  <p>Traffic Management Solutions</p>                |  <p>Landscaping Consultant</p>  |  <p>Fiber Optic Network Contractor</p>                  |  |  |  |  |   |
|  <p>Cost Analysis Consultant</p>                    |  <p>Feasibility and Market Analysis<br/>Consultant</p>                |  <p>Desalination Plant Contractor<br/>and Operator</p> |  |  |  |  |  |
|  <p>Strategic Assets Development<br/>Consultant</p> |  <p>Environmental Consultant</p>                                      |  <p>Video-On-Demand Provider</p>                       |  |  |  |  |   |
|  <p>Electrical Networks Design<br/>Consultant</p>   |  <p>Communication Networks</p>                                      |  <p>Sewage Treatment Plant<br/>Operator</p>            |  |  |  |  |   |





## ERC PROJECTS



# SAWARI: THE MARINA AT SAHL HASHEESH



THE OWNER: ERC

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

Main Responsibilities

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



THE DESIGNER: WATG

Description

- 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

Main Responsibilities

- Concept Master Plan
- Concept Architecture (Phase I)
- Design Supervision



THE DEVELOPMENT  
MANAGER:  
ORASCOM DEVELOPMENT

Description

- 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 seven countries around the world

Main Responsibilities

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



|                      |               |
|----------------------|---------------|
| Total Area (Phase 1) | 1,114,052 sqm |
| Water Surface        | 117,000 sqm   |
| Number of Hotels     | 3             |
| Villas / Apartments  | 1,095 units   |
| Pedestrian Promenade | 2 km          |



# JAMARAN: SEAFRONT 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 51 villas (of 181) when work on the site is complete. Home-owners will have the option of 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, each villa has a large private garden of 850-1,000 square meters, and the option of adding a swimming pool and barbeque 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 318-330 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. In addition, a range of amenities are planned for the neighborhood, including a network of parks spread out among the villas, a private clubhouse 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 sqm     |
| Number of Villas              | 51 of 181       |
| Villas BUA                    | 318 - 330 sqm   |
| Private Garden for Each Villa | 850 - 1,000 sqm |



# 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 I of the project. Old Town covers nearly 15,000 square meters of seafront property 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.

Designed and constructed to exacting international standards, Old Town has managed to attracted top-tier international and local retailers, with 50 retail spaces already rented out.

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.

| Component                             | Quantity | Total BUA (sqm) |
|---------------------------------------|----------|-----------------|
| Retail Shops                          | 117*     | 9,201           |
| Spa & Health Club                     | 1        | 783             |
| Pubs                                  | 1        | 195             |
| Cinemas                               | 3        | 1,500           |
| Apartments                            | 147**    | 14,262          |
| Services                              |          | 18,190          |
| * including F&B outlets               |          |                 |
| ** excluding 13 standalone apartments |          |                 |





# TAWAYA: SEAFRONT APARTMENTS IN OLD TOWN

In the first joint effort between ERC and Palm Hills Developments (PHD), the companies announced in early 2015 that ERC subsidiary Sahl Hasheesh Company and PHD will jointly develop a beach-front apartment project in Old Town, to be called Tawaya.

The project will include 147 beach-front apartments and 13 standalone rooftops with sizes ranging from 60 to 294 square meters per unit, with a total built-up area of 14,262 square meters. The project is fully constructed, and interior finishing will be completed over the coming 12-18 months. Sales are to launch in 1H2015.







# MANAGEMENT & GOVERNANCE



# MANAGEMENT TEAM



**MR. 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 20 subsidiaries in eight divisions operating in manufacturing, aerospace, tourism, real estate, construction and logistics. At KATO, he served several roles in different divisions, 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 Bachelor's degree in Economics with high honors from the American University in Cairo and an MBA with distinction from Harvard Business School.



**MR. HASSAN AZAB**  
General Manager – Sahl Ha-  
sheesh Touristic Development  
Company

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.

Mr. Azab is a veteran Lieutenant Colonel in the Egyptian Air Force, and he holds Bachelor's degrees in Aeronautical Engineering and Military Science.



**MR. NASSER ABOULELA**  
Vice President – Planning and  
Development

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 has 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 in Russia.

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



**MR. MOHAMED SAAD**  
General Manager –  
Site Operations

Mr. Saad joined 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 Bachelor's degree in Electrical Power and Machines Engineering from Cairo University.



**MR. WAEL ABOU  
ALAM**

Chief Financial Officer

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 Bachelor's degree in Accounting from Cairo University and an MBA in Banking & Finance from the Maastricht School of Management.



**MR. ABU BAKR  
MAKHOLOF**

Director – Commercial

Mr. Makhlof has over 14 years of experience in strategy and commercial management. He was assigned to establish the commercial division at ERC in 2013 and has led the development and the execution of the company's marketing and sales strategy. Prior to this, Mr. Makhlof developed and led ERC's Investor Relations department from 2008. Before joining ERC, Mr. Makhlof served as the Commercial Strategy Manager at CEMEX, a world leading cement and ready mix producer. During his tenure with CEMEX, Mr. Makhlof 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. Makhlof holds an MBA from IESE Business School in Barcelona, Spain.





**MR. HAZEM KASSEM**  
Director – Approvals and Compliance

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.



**MR. 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 outstanding experience in dealing with different cultures due to managing restructuring and transformation projects in multinational, private and public and governmental organizations. Prior to joining ERC, Mr. Shendy 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 the Board of Advisors for the National Award for Excellence for both the government and business sectors.

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 the Institute of Management Consultancy, UK.



**MR. AHMED FAHMY**  
Head of Information and Communication Technology

Mr. Fahmy has more than eight 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, in addition to supervising the implementation of the ICT security strategy. Prior to joining ERC, Mr. Fahmy held several IT positions in real estate and IT-solution companies.

Mr. Fahmy holds a Bachelor's degree in Telecommunication and Electronics Engineering.



**MR. MOUNIR SEDKI**  
Head of Strategy and Business Development

Prior to joining ERC in 2011, Mr. Sedki spent four years 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.



**MR. NAZIH SEOUDY**  
Head of Developer Services

Mr. 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 Bachelor's degree in Electrical Engineering and Communications from Ain Shams University and is also a certified Lean Six Sigma Green Belt.



**MR. SHERIF OMAR**  
Head of Infrastructure, Planning and Design

Mr. Omar joined ERC in 2003 as Chief Mechanical Engineer, supervising a number of projects that included 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.

Mr. Omar holds a Bachelor's degree in Mechanical Engineering from Cairo University.



# CORPORATE GOVERNANCE

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 AMONG 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:

- Mr. Adel Hammad (Chairperson)
- Mr. Mohamed Kamel (Member)
- Eng. Abdel Monem Attia (Member)
- Dr. Eskander Tooma (Member)
- Mr. Ahmed Abou Hendia (Member)
- Dr. Gamal El-Saeed (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. Abdel Wahab Abdel Moneim (Member)
- Mr. Ahmed Abdel Azim Mahmoud (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 Abu Hendia (Chairperson)
- Mr. Adel Hammad (Member)
- Mr. Mohamed Kamel (Member)
- Mr. Wael El-Hatow (Member)
- Mr. Abdel Fatteh Roshdy (Member)

## BOARD STRUCTURE

The majority of the Board of Directors is comprised 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 comprised 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 five times in 2014.

## 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.**

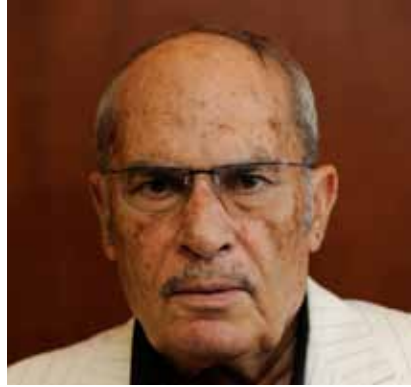


# BOARD OF DIRECTORS



**MR. ADEL HAMMAD**  
Chairman, Representing Misr Insurance

With over 33 years of experience in the insurance and finance industries, Mr. Hammad 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. Hammad 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. Hammad has also served on the boards of directors of financial institutions including Société Arabe Internationale de Banque (SAIB) and the Housing and Development Bank. He holds a Bachelor's of Commerce and a Master's of Science in Insurance Management. He chairs the Executive Committee and is a member of the Nomination and Remuneration Committee.



**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.

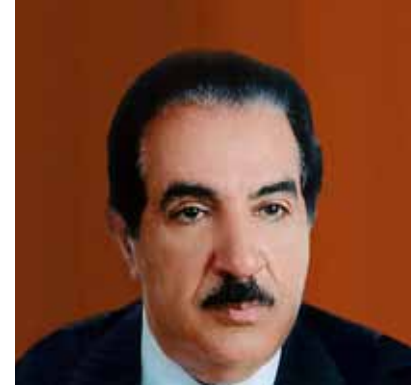
Eng. Attia holds a Bachelor's degree in Architecture from Cairo University and is a member of the Executive Committee.



**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-solution provider and a print management company.

Mr. Tawfik holds an MBA from Maastricht University and a Bachelor's degree in Banking Management from the Sadat Academy for Management Science.



**DR. HAMZA AL-KHOLI**  
Representing First Arabian Development & Investment Co.

Dr. Al-Kholi is Chairman and CEO of First Arabian Development & Investment Co. He is also owner and CEO of the Al Kholi Group in Saudi Arabia, which has founded and led 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 Bachelor's degree in Pharmacy from King Saud University.



**MR. AHMED ABU HENDIA**  
Representing First Arabian Development and Investment

Mr. Abu Hendia is a board member and the legal counsel of First Arabian Development and Investment Co. 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. ABDEL FATTAH ROSHDY**  
Representing Rowad Tourism

Mr. Roshdy is a board member of Rowad for Tourism. He has held previous positions as a board member of the Egyptian Salts and Minerals Company and the Egyptian Alexandria Fund Company.

Mr. Roshdy holds a Bachelor's degree in Accounting and Auditing and a diploma in Insurance. He is Chief Investment Officer at Misr Life Insurance.





**MR. AHMED  
ABDEL AZIM ALI**  
Representing Rowad  
Tourism

As a leading auditor and financial planner with over 36 years of experience, 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.



**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 Master's of Business Administration from Pennsylvania State University. He is a member of the Nomination and Remuneration Committee.



**MR. ABDEL WAHAB  
ABDEL MONEIM**  
Representing Misr  
Insurance

Mr. Abdel Moneim is a leading figure in Egypt's business community, with a career spanning 35 years in the insurance sector. Mr. Abdel Moneim 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. Abdel Moneim received 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. 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 the Private Equity Company for Small and Medium Companies, an affiliate of the General Authority for Investment and Free Zones (GAFI). He is also a partner and manager of consultation at Thekat for Financial Consultation. He is considered a leading academic in finance, and is currently a professor at the American University in Cairo. His accomplishments have made him an invaluable advisor, sitting on the boards of the Construction Company for National Banks and Misr Insurance.

Dr. Azzam holds a PhD in Econometrics and Quantitative Macroeconomics from the University of California, Irvine.



**DR. GAMAL EL-SAEED**  
Independent Member

Dr. El-Saeed is a professor of Civil Engineering at Banha University. In the private sector, Dr. El-Saeed manages an engineering firm involved in major infrastructure projects in MENA countries. Dr. El-Saeed holds a Bachelor's degree from Ain Shams University, a Master's 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. ESKANDER TOOMA**  
Independent Member

Dr. Tooma is the co-owner and 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 (AUC). Dr. Tooma holds a Bachelor's degree in Business Administration from AUC 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 assumed 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 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, Nomination and Remuneration and Compensation Committees.



# CORPORATE SOCIAL RESPONSIBILITY

AT ERC, WE KNOW THAT A COUNTRY IS ONLY AS RICH AS ITS LEAST FORTUNATE CITIZEN, AND WE WANT TO DO MORE THAN BRING JOBS AND TOURISTS TO EGYPT. WE WANT TO HELP BUILD PROSPERITY.

The success of Sahl Hasheesh, ERC's flagship development, hinges on the success of Egypt, and our policies and practices have accordingly always taken the long-term health of the environment and our fellow citizens into account. As we grow our development, we are also thoughtful of our impact on the environment and have always strived to leave a positive mark on the communities in which we work and the surrounding areas. In addition to directly and indirectly aiding in the creation of job opportunities, we expanded our corporate social responsibility initiatives during 2014. Primary among these are the Youth Educational Support Program, the Fresh Graduates Job Shadowing Program and Orphan's Day, as well as an internship program and a housing program.

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 with the coming generation, transfer practical skills and advise them on how to succeed in the labor market. This year, our volunteers instructed 270 students in three classes. As part of its Job Shadowing Program, ERC also hosted four 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 the second ERC Annual Orphan's Day at Sahl Hasheesh. ERC had the privilege of hosting events for 35 orphans at Sahl Hasheesh. The children were engaged in several entertainment, educational and challenging activities at the resort.

Additionally, ERC has embarked on a new project to develop low-income housing for families in remote areas around Egypt.







# FINANCIAL STATEMENTS

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Auditor's Report

For the financial year ended December 31, 2014

Auditor's Report

For the financial year ended December 31, 2014

AUDITOR'S REPORT  
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, 2014, 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, 2014, 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. (30-2) 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 Sahl 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 still pending before the state attorneys' authority in its preliminary, whom decided to postpone the lawsuit for a hearing on June 12, 2014. The company's management & legal consultant believes the integrity of the company's legal position in light of the defenses presented from them, though it would be difficult for the 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 yet determined.
- 2- As disclosed in detail in note no. (30-4) 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 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 73.136 million on December 31, 2014. 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 company's management & legal consultant believes the integrity of the company's legal position in light of the provisions of the contract concluded between The Authority & the company dated October 24, 1995 in which the terms were executed by the company. The court decided to submit the lawsuit to the state attorneys to prepare a report with the legal opinion. The lawsuit is postponed for a hearing on April 20, 2015 though it would be impossible for the 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 yet determined.

Hesham Gamal El-Afandy  
Auditors' register  
At the Egyptian Financial Supervisory Authority No. (100)  
KPMG Hazem Hassan

Cairo, March 31, 2015



**The Consolidated Balance Sheet of the Company and its Subsidiaries**

As at December 31, 2014

|   | Note<br>No.  | 12/31/2014<br>EGP   | 12/31/2013<br>EGP   |
|---|--------------|---------------------|---------------------|
| <b>Non current Assets</b>                                     |              |                     |                     |
| Fixed Assets (Net)  | (3-2,4)      | 138 726 945         | 142 126 790         |
| Real Estate Investment  | (3-3,5)      | 179 094 631         | 183 455 364         |
| Projects in Progress  | (3-4,6)      | 350 704             | 10 733 126          |
| Accounts & Notes Receivable - Long Term (Net)                 | (3-9,9)      | 65 113 251          | 16 365 265          |
| <b>Total Non Current Assets</b>                               |              | <b>383 285 531</b>  | <b>352 680 545</b>  |
| <b>Current Assets</b>   |              |                     |                     |
| Work in Process   | (3-7,7)      | 538 265 306         | 520 308 844         |
| Inventory   | (3-6,8)      | 2 637 130           | 2 309 116           |
| Accounts & Notes Receivable - Short Term (Net)                | (3-9,9)      | 276 850 802         | 312 551 765         |
| Sundry Debtors & Other Debit Balances                         | (10)         | 11 644 795          | 12 008 099          |
| Cash on Hand & at Banks                                       | (3-11,11)    | 98 143 235          | 108 919 067         |
| <b>Total Current Assets</b>                                   |              | <b>927 541 268</b>  | <b>956 096 891</b>  |
| <b>Current Liabilities</b>                                    |              |                     |                     |
| Claims Provision  | (3-13,12)    | 13 757 323          | 12 526 294          |
| Receivables - Advance Payments                                | (13)         | 14 133 675          | 13 140 268          |
| Sundry Creditors & Other Credit Balances                      | (3-14,14)    | 140 133 931         | 89 761 473          |
| Due to Authority of Touristic Development                     | (15)         | 35 741 768          | 33 353 530          |
| Estimated Cost for Development of Sold Land                   | (3-8)        | 67 856 496          | 78 740 568          |
| Banks-Credit Facilities                                       | (16)         | 5 430               | 8 793 201           |
| <b>Total Current Liabilities</b>                              |              | <b>271 628 623</b>  | <b>236 315 334</b>  |
| <b>Working Capital</b>  |              | <b>655 912 645</b>  | <b>719 781 557</b>  |
| <b>Total Investments</b>                                      |              | <b>1039 198 176</b> | <b>1072 462 102</b> |
| <b>Financed As Follows:</b>                                   |              |                     |                     |
| <b>Owners' Equity</b>   |              |                     |                     |
| Issued & Fully Paid-in Capital                                | (17)         | 1050 000 000        | 1050 000 000        |
| Legal Reserves  | (29)         | 131 664 379         | 131 664 379         |
| Carried Forward Losses  |              | (410 766 580)       | (369 336 624)       |
| Net Loss for The Year   |              | (37 474 611)        | (41 429 956)        |
| <b>Holding Companies' Equity</b>                              |              | <b>733 423 188</b>  | <b>770 897 799</b>  |
| <b>Minority Interest</b>                                      | (25)         | <b>45 156 547</b>   | <b>49 128 018</b>   |
| <b>Total Shareholders' Equity</b>                             |              | <b>778 579 735</b>  | <b>820 025 817</b>  |
| <b>Long-Term Liabilities</b>                                  |              |                     |                     |
| Purchase of Land Creditors                                    | (3-7)        | 256 118 876         | 248 906 076         |
| Deferred Tax Liabilities (Net)                                | (3-20, 24-2) | 4 499 565           | 3 530 209           |
| <b>Total Long-Term Liabilities</b>                            |              | <b>260 618 441</b>  | <b>252 436 285</b>  |
| <b>Total Shareholders' Equity &amp; Long-Term Liabilities</b> |              | <b>1039 198 176</b> | <b>1072 462 102</b> |

\* 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

**The Consolidated Income Statement of the Company and its Subsidiaries**

For the financial year ended December 31, 2014

|  | Note<br>No. | From 1/1/2014<br>to 31/12/2014<br>EGP | From 1/1/2013<br>to 30/12/2013<br>EGP |
|--|-------------|---------------------------------------|---------------------------------------|
| Operating Revenue  | (3-16,18-1) | 71 886 539                            | 8 686 868                             |
| Sales Return   | (3-16,18-2) | (62 315 767)                          | (12 198 681)                          |
| Revenue from Rendered Services                             | (3-16,18-3) | 41 746 930                            | 32 425 589                            |
| <b>Total Revenues</b>                                      |             | <b>51 317 702</b>                     | <b>28 913 776</b>                     |
| <b>Less:</b>   |             |                                       |                                       |
| Cost of Sales  | (3-17,19-1) | (35 134 570)                          | (9 829 914)                           |
| Cost of Returned Sold Land                                 | (3-17,19-2) | 5 049 001                             | 7 319 209                             |
| Operating Cost of Rendered Services                        | (3-17,19-4) | (63 673 245)                          | (49 536 225)                          |
| <b>Gross Operating (Loss)</b>                              |             | <b>(42 441 112)</b>                   | <b>(23 133 154)</b>                   |
| Other Operating Revenue                                    | (20)        | 2 975 066                             | 18 390 330                            |
| <b>Add/(Less):</b>   |             | <b>(39 466 046)</b>                   | <b>(4 742 824)</b>                    |
| Net Interest Recalled from Deferred Income                 |             | 427 775                               | 1 349 727                             |
| Delay Penalties in Sold Installement                       |             | 11 015 148                            | 14 326 390                            |
| Loss from Reversed Property Investment Previously Sold     | (21)        | ( 885 541)                            | -                                     |
| Selling & Marketing Expenses                               | (3-17,26)   | (9 879 999)                           | (1 900 775)                           |
| General & Administrative Expenses                          | (3-17,22)   | (28 390 359)                          | (31 675 356)                          |
| Impairment in Receivables                                  | (3-12,9)    | (11 484 386)                          | (24 309 937)                          |
| Reverse of Impairment in the Balances of Receivables (Net) | (3-12,19-3) | 35 955 072                            | -                                     |
| Impairment in Debtors & Other Debit Balances               |             | -                                     | (1 383 254)                           |
| Claims Provision   | (3-13,12)   | (1 251 029)                           | (1 770 614)                           |
| <b>Loss Resulted from Operating Activity</b>               |             | <b>(43 959 365)</b>                   | <b>(50 106 643)</b>                   |
| Change in Evaluation of Investment Funds                   | (3-5,11)    | 2 178 895                             | 4 265 651                             |
| Financing Revenue (Costs) (Net)                            | (3-18,23)   | 1 303 744                             | 2 731 958                             |
| <b>Net (Loss) Before Tax</b>                               |             | <b>(40 476 726)</b>                   | <b>(43 109 034)</b>                   |
| Income Tax   | (3-20,24-1) | -                                     | ( 467 775)                            |
| Deferred Tax (Expense)                                     | (3-20,24-2) | ( 969 356)                            | (4 151 765)                           |
| <b>Net Profit After Income Tax</b>                         |             | <b>(41 446 082)</b>                   | <b>(47 728 574)</b>                   |
| The Holding Company's Share in the Year's Loss             |             | (37 474 611)                          | (41 429 956)                          |
| The Minority Interest's Share in the Year's Loss           | (25)        | (3 971 471)                           | (6 298 618)                           |
|  |             | <b>(41 446 082)</b>                   | <b>(47 728 574)</b>                   |

\* Accompanying notes form an integral part of these Financial Statements, are to be read therewith and can be downloaded at:  
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**Consolidated Statement of Changes in Shareholders' Equity for the company & its subsidiaries**

For the financial year ended December 31, 2014

|   | Paid in Capital<br>EGP | Legal Reserve<br>EGP | Carried Forward<br>(losses)<br>EGP | The Holding<br>Company's share<br>in year's net (loss)<br>EGP | Minority<br>Interest<br>EGP | Total<br>EGP |
|---|------------------------|----------------------|------------------------------------|---|-----------------------------|--------------|
| Balance as at January 1, 2013           | 1050 000 000           | 131 664 379          | (269 860 682)                      | (99 475 942)  | 55 426 636                  | 867 754 391  |
| Transferred to Retained Earnings (Loss) | -                      | -                    | (99 475 942)                       | 99 475 942  | -                           | -            |
| Net Loss for the Year                   | -                      | -                    | -                                  | (41 429 956)  | (6 298 618)                 | (47 728 574) |
| Balance as at December 31, 2013         | 1050 000 000           | 131 664 379          | (369 336 624)                      | (41 429 956)  | 49 128 018                  | 820 025 817  |
| Transferred to Retained Earnings (Loss) | -                      | -                    | (41 429 956)                       | 41 429 956  | -                           | -            |
| Net (Loss) for The Year                 | -                      | -                    | -                                  | (37 474 611)  | (3 971 471)                 | (41 446 082) |
| Balance as at December 31, 2014         | 1050 000 000           | 131 664 379          | (410 766 580)                      | (37 474 611)  | 45 156 547                  | 778 579 735  |

\* 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>**The Consolidated Cash Flows Statement for the Company and its Subsidiaries**

For the financial year ended December 31, 2014

|   | Note No. | From 1/1/2014<br>to 31/12/2014<br>EGP | From 1/1/2013<br>to 30/12/2013<br>EGP |
|---|----------|---------------------------------------|---------------------------------------|
| <b>Cash Flows from Operating Activities</b>   |          |                                       |                                       |
| Net (Loss) Before Income Tax  |          | ( 40 476 726 )                        | ( 43 109 034 )                        |
| <b>Adjustments to Reconcile Net Loss with Net</b>                                     |          |                                       |                                       |
| <b>Cash Flows from Operating Activities</b>   |          |                                       |                                       |
| Fixed Assets' Depreciation , Amortization & Right Of Use                              | (4,5)    | 22 306 011                            | 20 923 981                            |
| Impairment in Receivables   | (9)      | 11 484 386                            | 24 309 937                            |
| Reverse of Impairment in Receivables  | (9)      | ( 35 955 072 )                        | -                                     |
| Impairment in Debtors   | (10)     | -                                     | 1 383 254                             |
| Formed Claim Provision  | (12)     | 1 251 029                             | 1 770 614                             |
| Other Revenue - Capital Gain  | (20)     | -                                     | (16 121 510)                          |
| Return on Treasury Bills  | (23)     | -                                     | (1 066 870)                           |
| Differences in Evaluation of Foreign Monetary Balances                                |          | 1 879 676                             | 11 635 616                            |
|   |          | <b>(39 510 696)</b>                   | <b>( 274 012)</b>                     |
| <b>Change in Working Capital</b>  |          |                                       |                                       |
| Change in Receivables (Net)   |          | 19 070 004                            | 13 889 740                            |
| Change in Inventory   |          | ( 328 014 )                           | ( 443 643 )                           |
| Change in Debtors & Other Debit Balances  |          | 363 304                               | ( 4 009 563 )                         |
| Change in Work in Process   |          | ( 17 956 462 )                        | ( 20 674 241 )                        |
| Change in Receivables Advance Payments  |          | ( 370 136 )                           | 8 657 176                             |
| Change in Creditors & Other Credit Balances   |          | 50 372 463                            | ( 51 222 013 )                        |
| Change in Estimated Cost for Development of Sold Land                                 |          | (10 884 072)                          | (8 687 810)                           |
| Change in Dues to Authority of Touristic Development                                  |          | 1 438 560                             | 505 177                               |
| Change in Purchase of Land Creditors  |          | -                                     | ( 561 578)                            |
| Used from Claim Provision   | (12)     | ( 20 000)                             | ( 563 184)                            |
| <b>Net Cash Flows Provided by (Used In) Operating Activities</b>                      |          | <b>2 174 951</b>                      | <b>(63 383 952)</b>                   |
| <b>Cash Flows from Investing Activities</b>   |          |                                       |                                       |
| Payments for Purchase of Fixed Assets, Projects in Progress & Real Estate Investments | (4,5)    | ( 4 163 012 )                         | ( 10 133 750 )                        |
| Proceeds from Sale of Fixed Assets & Real Estate Investment                           |          | -                                     | 9 751 727                             |
| Changes in Value of Time Deposits (More Than Three Months)                            | (11)     | 6 545 500                             | 33 056 089                            |
| Proceeds from Investments in Treasury Bills (After Tax)                               |          | -                                     | 1 871 095                             |
| <b>Net Cash Available from Investing Activities</b>                                   |          | <b>2 382 488</b>                      | <b>34 545 161</b>                     |
| <b>Cash Flows from Financing Activities</b>   |          |                                       |                                       |
| Increase in Banks Credit Facilities Balance   | (16)     | (8 787 771)                           | 8 793 201                             |
| <b>Cash Flows (Used In) Available from Financing Activities</b>                       |          | <b>(8 787 771)</b>                    | <b>8 793 201</b>                      |
| <b>Net Cash &amp; Cash Equivalent Used During the Year</b>                            |          | <b>(4 230 332)</b>                    | <b>(20 045 590)</b>                   |
| <b>Cash &amp; Cash Equivalent ass at the Beginning of the Year</b>                    |          | <b>88 073 567</b>                     | <b>108 119 156</b>                    |
| <b>Cash &amp; Cash Equivalent Balance at the End of the Year</b>                      | (11)     | <b>83 843 235</b>                     | <b>88 073 566</b>                     |

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# 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

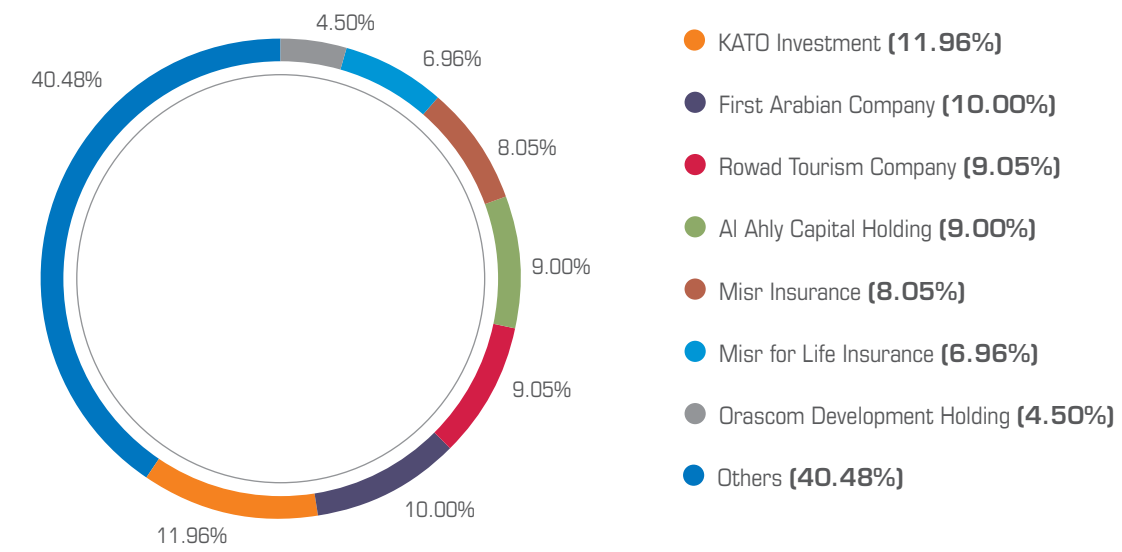
FISCAL YEAR: ENDS DECEMBER 31

SUBSIDIARIES: SAHL HASHEESH CO. (SHC) - 78.4% OWNED BY ERC

SHC TAX STRUCTURE: 10-YEAR TAX EXEMPTION ENDING 2017

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## ERC SHAREHOLDER STRUCTURE\*



\* As of end of fiscal year 2014





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ERC Egyptian Resorts Company