

EGYPT

NEW CHANNELS OF INVESTMENT CARVE OUT A NEW FUTURE

INCLUSIVE GROWTH pledges by the current administration are being turned into action with a landmark economic conference, the expansion of the Suez Canal, and an economic turnaround, all inspiring confidence in Egypt

The inauguration of the New Suez Canal on August 6 marked the beginning of a new era for Egypt. The people of Cairo rejoiced en masse under the blazing sun, while in the heavily guarded VIP area, President Abdel Fattah el-Sisi, joined by a number of world leaders, emphatically declared the New Suez Canal Egypt's "gift to the world".

It was a moment full of optimism, and symbolic of Egypt's aspirations: a sense of national pride, the reaffirmation of its role on the international stage – Egypt is the founder and the seat of the powerful Arab League – and its ambition to boost and modernize its economy by opening its market to the world.

The construction of the \$8.5-billion, 30-mile waterway was achieved at breakneck speed in just one year, and financed in less than a week through a hugely successful public subscription, indicative of Egypt's eagerness and resolve to usher in the nation's renewal, as well as its people's collective vision for a future filled with hope and development.

Indeed, a better life is what 90 million Egyptians, half of whom live on or below the poverty line, imagine and hope for. The results achieved in just one year indicate the country's transformation is off to a positive start. For the first time since 2010, the economy is growing above the 4% line, reaching 4.2% for the 2014/15 fiscal year, with a projected 5% for 2015/2016. The high rate of unemployment – a crucial issue in



"Egyptians have showed their ability to efficiently make history and leap to the future for the prosperity of humanity"

Abdel Fattah el-Sisi, President of the Arab Republic of Egypt, speaking at the opening of the New Suez Canal

a country where two-thirds of the population is under the age of 35 – still stands at 12.8%, but the rate is decreasing. Rating agencies give a generally positive outlook, and the Egypt Economic Development Conference held in March 2015 at Sharm el-Sheikh was a resounding success, garnering some \$130 billion in investment pledges and showing that the world is certainly interested in the potential of Egyptian and regional markets. As such, the country is well on its way to economic recovery, as well as restoring investor confidence.

The current buzzword is "inclusive" growth, and government officials state all the reforms are already engaged, in particular in the areas of education, professional training, women's rights and access to jobs. The nation's economy stands at the forefront of its concerns, and the Egyptian government is focused on creating a new model of sustainable economic growth by bolstering the private sector and implementing economic reforms, including amendments to laws to streamline the foreign investment process, which will make it easier and more secure to invest. Egypt is opening its doors.

Egyptians will elect a new parliament later this year after three years of parliamentary closure, with elections being held in October and November. When they vote, economic reform and political stability will be the priorities of any mandate.

And what of Egypt's role on the international stage, a vital aspect in its plan for inclusive growth? Any new government will have to confront the ongoing and broad threat of regional terrorism and religious radicalism, issues that remain priorities in the country as well.

Striking the right balance between the fight against the terrorist threat and the preservation of civil liberties and human rights is the central challenge facing the republic in the eyes of the international community.

Egypt, however, remains committed to sustainable growth and is poised for renewal, as it continues on a path that combines economic reform, a prudent democratic opening and a tight grip on security. This path, lined by the hope for a brighter future for all Egyptians, points the nation in the right direction for both the Egyptian people and the international community. ●



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EGYPT

REAL ESTATE & BANKING

Private sector leads the economic renaissance

In a country of 90 million where some 800,000 marry every year, demand for housing is high at all income levels. It is a challenge highlighted by numerous leading real estate companies and analysts. The government has promised to provide 1 million new housing units in the next five years and new rules that will allow the state to contribute land to new developments against a share of the revenue are set to give yet another boost to the sector.

The central bank aims to ensure credibility and inclusion via regulation, transparency and disclosure

Another testament to Egypt's economic renaissance is that investment in office and commercial property is also growing. It is estimated that 20% of the projects currently in development concern offices and retail spaces. Meanwhile, in banking, Moody's recently upgraded its outlook for Egypt's banking system, stating: "We expect [it] will benefit from improved operating conditions, resulting in rising consumer confidence and business investments, which in turn will support loan growth and asset quality." The challenge now for the Central Bank of Egypt is to maintain growth and price stability, which it has pledged to do through continued regulation, transparency and disclosure to ensure credibility, and financial inclusion. ●

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SECON

Building progress



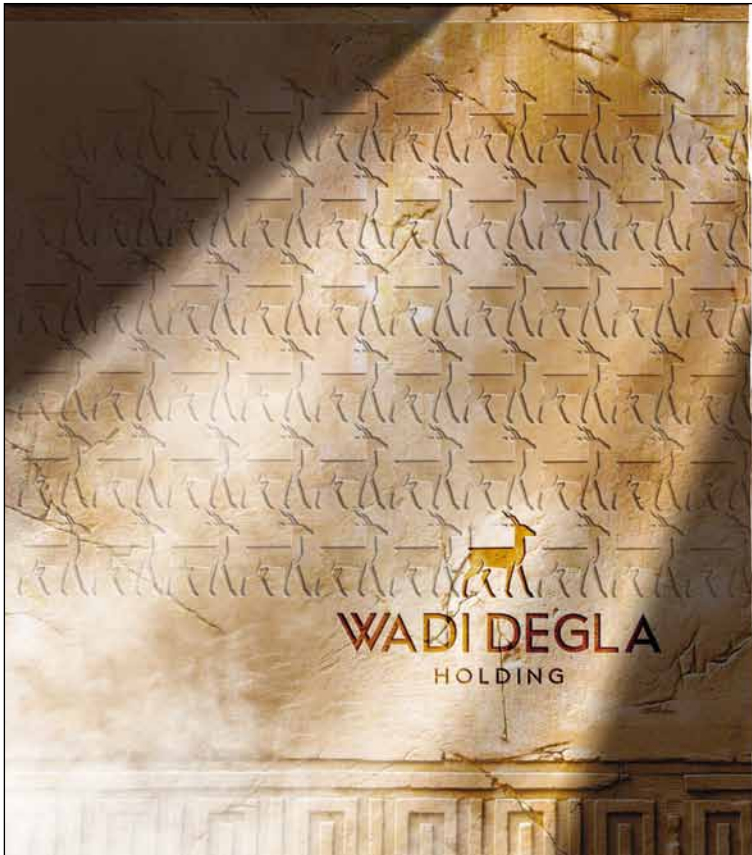
Founded in 1975 as a real estate development company with the governments of both Saudi Arabia and Egypt holding equal shares, the Saudi Egyptian Construction Company (Secon) stands as an example of successful collaboration between nations. Its chief executive officer Darwish Hassanain believes Secon is "now ready to step forward and increase the value of investment" by inviting collaboration with the private sector – a step that will be vital to Egypt's development and its successful future.



Darwish Hassanain,
CEO of Secon

Indeed, Secon continues to build on its success. In 2008 it introduced the tourism segment into its business. While Secon is completing various major projects, such as the two towers under development in Maadi (Cairo), which include development of a five-star Hilton hotel, three major projects totaling more than 100 acres are also in the works. And turnover is quick with these projects, which are to be completed in three years. One of Egypt's strengths, according to Mr. Hassanain, is its potential: he points out that 90 million Egyptians live on only 7% of the land, which equals lots of opportunity, especially in terms of real estate. "We have a wide area for investment," he says. ●

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EGYPT

EGYPTIAN HOLDING TARGETS AFRICAN EXPANSION

One of the fastest growing companies in Egypt is taking its development acumen further into Africa

Created in 1994 as a small private sector company representing multinational enterprises in the telecommunications and infrastructure businesses, over the years Wadi Degla Holding has expanded and diversified its business portfolio substantially. Today, it has more than 12,000 employees working in various sectors and a turnover topping \$800 million a year.

Primarily, Wadi Degla Holding has 13 luxurious sporting clubs – five are in operation, and another eight under construction – complete with soccer pitches, squash courts, tennis courts, and swimming pools, as well as restaurants and cafés. The clubs are linked to prestigious multinational sports teams; the club’s soccer academy is licensed by the UK’s Arsenal Soccer Schools. And in addition to its 135,000 square meter space in Maadi, the company plans to develop more sports clubs in greater Cairo and Alexandria.

Beyond its sports club business, Wadi Degla is one of the major real estate developers in Egypt and currently operates a portfolio of 17 real estate projects. Since 2004, it has been acquiring land and turning

it into residential homes in Cairo and seaside properties in places such as Ain Sokhna and the northern Alexandrian coast. As testament to Wadi Degla’s brand power, between 60% and 65% of its real estate sales comes from members of its sports clubs.

After cultivating desert land in Wadi el Gedid for the past five years, the Egyptian conglomerate’s agriculture arm has begun exporting some of its agricultural products to Europe.

At present, Wadi Degla is in the process of replicating the models it has in place in Egypt and expanding them to other parts of Africa. “We have bought two pieces of land in Nairobi, Kenya, and we are going to develop the first sporting clubs there,” explains AB Samy, chairman of Wadi Degla Holding. “We are acquiring similar plots in Lagos, Nigeria, and in Addis Ababa, Ethiopia. We have also acquired land in Dubai where we are going to expand our sporting club business. In East African countries, like Nigeria or Ethiopia, economies are growing. We



AB Samy
Chairman of
Wadi Degla Holding

have had local experience of these countries, having worked there for more than 12 years now with our telecom infrastructure company.”

One of Wadi Degla’s competitive advantages is EgyPro, its contracting division, which allows it to construct quickly, efficiently, and at a competitive cost. It also helps that the company is highly committed to its corporate social responsibility, and is expanding its business in order to generate employment and support the vision of the Egyptian president.

In fact, one of the chairman’s main objectives was to participate in the Suez Canal project, “financially, but also with our hearts and minds,” says Mr. Samy.

Looking forward, the company plans to expand into the education business and is currently negotiating with renowned universities worldwide. As was the case with its sports facilities, Mr. Samy hopes that this will further contribute to the value Wadi Degla brings to the country. ●

BANK AUDI

A GREAT LEAP FORWARD IN THE WORLD OF FINANCE

Total Deposits 23% CAGR

Net Loans 21% CAGR

EGP 000	2010	2011	2012	2013	2014	CAGR (%)
Total Assets	15,677,027	17,795,503	18,888,791	22,649,771	30,571,797	22%
Net Loans	7,202,881	7,916,304	9,455,033	10,903,163	12,779,165	21%
Total Deposits	13,715,297	15,697,040	16,217,670	19,772,523	27,182,541	23%
Paid in capital	1,123,437	1,123,437	1,337,025	1,543,359	1,843,243	10%
Net Income	174,614	127,491	251,070	371,208	444,656	33%

for more information please call **16555**

Bank Audi

CAPITAL BUSINESS PARK OPENED ITS DOORS THIS SEPTEMBER IN SHEIKH ZAYED CITY

The Dorra Group has brought 'a piece of Dubai' to Egypt with their distinguished, highly sought after development offering exclusive office and retail spaces

Anyone familiar with Cairo's highly celebrated Four Seasons Hotel at The First Residence, the prestigious American International School West Campus, and a handful of exclusive residential gated communities to the west and east of the capital will know that the name behind superb Egyptian real estate developments and construction is the Dorra Group. Headed by chairman engineer Hassan Dorra and the Dorra brothers Mohamed and Omar – grandsons of the founder, the late engineer Mohammed Hassan Dorra – the company has been synonymous with Egyptian real estate development and construction since 1943. With dozens of achievements under its belt not only in Egypt, but also in Qatar, Saudi Arabia and the UAE, the Dorra Group has unveiled what may possibly be its most exciting development to date: Capital Business Park. It is a project that will be highly influential in shaping Egypt's future business environment.

Described by the company as "the first professional business park in Egypt," the complex undoubtedly brings the gleaming distinction, glamour and detail that have become a trademark of Dubai to Egypt. "Capital Business Park is of a multinational, state-of-the-art standard," says Omar Dorra, managing director of Dorra Developments, the real estate development arm of Dorra Group. "It truly places Egypt's commercial property standards on the map and you cannot help but feel you are in Dubai."

When asked what makes it different, he replies: "Everything! From the architectural design and finishing, convenience of services, the retail promenade with its product mix to the overall spirit, it is all in the details. Here in Egypt, this project is a true demonstration of our development and construction dominance, bringing together quality, masonry and operational excellence and showcasing the fully integrated disciplines we as Dorra Group have across the real estate development process."

The Dorra Group is also building various exceptional residential and commercial properties outside Egypt



Omar Dorra, Managing Director of Dorra Developments

The Dorra Group brought in engineers, consultants and architects from Dubai, England and the Middle East to realize their vision of a stunningly designed complex that local and international firms and corporations will be proud to call home in Sheikh Zayed City. For Omar Dorra and his family, developing properties such as Capital Business Park and the American International School means building and retaining assets for their company as well. "We said let's use our competitive advantage of being our own contractors, developers and self-financiers and combine that know-how for ourselves," he explains. "We also have a great responsibility to our communities in Sheikh Zayed City and want to continue offering them a broad spectrum of developments that play an integral part in their daily lives, providing them the standard, quality, value and trust they need."

Elsewhere within the Gulf, moving away from real estate developments, the Dorra Group is undertaking one of the world's largest mixed-use construction projects, called Vendome Mall, in the entertainment city of Lusail in Qatar. In Saudi Arabia, the group has begun working on the extension of the Holy Mosque in Mecca, as well as the much-needed re-zoning plans of the holy city of Madinah. ●

Q&A

Omar Dorra, managing director of Dorra Developments, explains that foreign investors who can get past Egyptian bureaucracy will find it worthwhile.

Is there any sign that red tape is being reduced by the government?

The new investment law, the new strategic plan, in my opinion is still not set in stone and is slightly impulsive, so I will believe it when I see it. For this law to have a positive and transformative effect, the mentalities, progressive thinking and decision-making process have to be changed and adapted first and foremost, so that an effective and committed change can take place. The government is extremely committed and working very hard on handling the turbulence and restructuring of our country. All of the ministers have been carefully selected for the betterment and re-establishment of Egypt's tomorrow; it is unfortunate that there is still a series of setbacks obstructing their strategy from assertively moving forward.

We have an abundance of land in Egypt, great opportunities outside Cairo to develop, a private sector rich with capable developers and contractors, who are backed by a very healthy workforce, and the financial instruments and capability is there in our banking system only to be matched by an organic demand in the property market. So there should be no issue moving ahead, yet we regress and complain of the housing deficit. The problem lies within the administrative tiers of our system and the highly centralized empowerment given to them that can be overwhelming and bureaucratic.

What would be your message to investors?

I will echo my father's words here as his wisdom, business savvy and attentiveness have steered the direction of our group today. We need foreign investors to bring their innovative services and know-how, especially in education, schools, universities, and hospitals. Egypt is still a very fertile and highly profitable place to do business with the right partners, and when the outcome is delivered to a high standard and quality, the end result is not only very profitable and satisfying, but also opens up a wealth of opportunities this country has to offer. ●



EGYPT

2015 IS A BANNER YEAR FOR **PALM HILLS DEVELOPMENTS** AND EGYPT'S PRIVATE SECTOR RENAISSANCE

A record year is taking shape for sales and profits

Despite the fact that it has only just celebrated its 10th anniversary, Palm Hills Developments already has one of the largest land banks in Egypt, which stands at 24 million square meters.

The company partners with top names in construction, such as Orascom, Dorra, Redcon and Hassan Allam Sons, for example, to carry out its projects, which are mostly located in the western and eastern suburbs of Cairo as well as on the North Coast.

Tarek Abdel Rahman, co-chief executive officer of Palm Hills Developments, speaks about the company's success and offers his views on the Egyptian government's initiatives to simplify investments and facilitate the private sector's involvement in the country's growth.

Tell us a little bit about the company's growth to date and its plans for the future.

In 2008 we held our first initial public offering. At that time, we were probably the largest real estate

company in Egypt in terms of land. From 2008 to 2010, the company was doing very well, apart a small period because of the financial crisis. Then 2011 was the revolution, which affected the real estate sector, and the company suffered for a couple of years.

Our comeback was in 2013. We did very well in 2014, and 2015 will probably be a record year for the company in terms of sales, profitability, units handed over construction, you name it.

How do you feel about the new investment law?

We are very hopeful. I think one of the most important directions the government is taking is its dependence on the private sector to lead the economy. We believe that the private sector is a true engine for economic growth in a country like Egypt. In that



Tarek Abdel Rahman,
Co-CEO of Palm Hills
Developments

regard, they are putting together simpler tax laws, what is supposed to be a simpler investment law, and new real estate regulations. So on multiple fronts, the government is working to make it easier for the private sector to invest in the country.

For example the highest tax bracket will be 22.5%, which is down from 30%, and is a big encouragement for the private sector to continue investing in the country.

We were very impressed by the Sharm el-Sheikh conference. I am

like most people who think that, with respect to the memorandums of understanding that are being signed – while a lot of them have actually translated into contracts – the most important thing was signaling to the world that the government is willing to do what it takes to open the country again for investment. ●



BUILDING ON

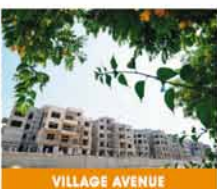
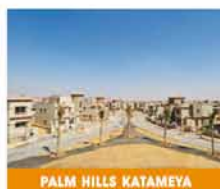
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EGYPT

BANK AUDI EGYPT, UNSURPASSED GROWTH IN TOUGH TIMES

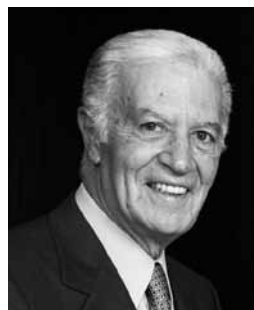
Doubling in size and keeping momentum going as one of the top private sector banks in Egypt

As the leading bank in its native Lebanon, Bank Audi Group entered the Egyptian market in 2005 and backed a new management team that has transformed the bank exponentially and in every way, while consistently increasing net profits, assets, loans, deposits and shareholder funds in addition to aiding the Egyptian economy by now employing more than 1,000 staff. Starting as an investment in a tiny and static domestic bank of just three branches, zero ATMs and EGP 354 million in total assets, it has grown into a well-positioned network of 34 branches, over 100 ATMs and EGP 38 billion in total assets. In under 10 years this carefully structured performance has skyrocketed Bank Audi into a major and professionally recognized player in the Egyptian banking market and, as per its vision, a financial services partner of choice, says chairman and MD, Hatem Sadek.

The bank now plays an important international role for Egypt as part of the Bank Audi Group, a top 10 MENA regional player, which also operates in Turkey and has European presence in France and Switzerland. Despite the volatility of the domestic Egyptian

market due to political uncertainties during the past five years, Bank Audi Egypt doubled in size from EGP 15 billion in 2010 to EGP 30.5 billion in 2014 in total assets. Mr. Sadek, who has been at the helm since the outset, credits this expansion to maintaining an impressive portfolio risk quality, whilst building the business sustainably and becoming a more complete financial services institution to its customers. This has included the implementation of a segmentation strategy throughout its core business and retail banking activities, whilst adding an SME base, offering a broader range of innovative services, including structured and mortgage finance, premiere and Islamic banking, and card and e-channel services. All the while the bank has remained customer-centric in its approach and focuses on its delivery of professional quality services.

The bank's success, says Mr. Sadek, lies not only in its remarkable growth but in maintaining "high quality risk and financial management," which



Hatem Sadek, Managing Director and Chairman of Bank Audi Egypt

would be a challenge for any well-established bank, let alone through times of crisis. Bank Audi, he adds, is focused on building its intangible assets, from its client relationship footprint to brand reputation, which are what he believes are the keys to the bank's sustainable future, along with carefully developing a balanced platform of operational, technical and service excellence. Indeed, Bank Audi Egypt forecasts increasing its estimated 2015 total assets of around EGP 38 billion to EGP 70 billion in 2018 by growing its franchise value

of existing businesses and opening an average of six new branches and 26 ATMs each year.

According to Mr. Sadek, Bank Audi has doubled once before and it is well-positioned to repeat this thanks to an improving outlook for the Egyptian market. "We see a lot of opportunities in Egypt," he says, "based on the success story of overcoming adversities, our high quality team of dedicated managers and staff and our shareholders' commitment." ●

HDB EXPANDS AS EGYPT'S GROWING MARKET SPURS GROWTH IN ITS BANKING SECTOR

'Very positive progress' at the Housing and Development Bank (HDB) reflects buoyant business activities

This year heralds a new Egypt in many ways. The country's economy is recovering, and even growing. In March, President Abdel Fattah el-Sisi hosted the Egypt Economic Development Conference (EEDC) in Sharm el-Sheikh, an event that was attended by more than 1,700 investors, government officials and other delegates, including such illustrious attendees as Christine Lagarde of the IMF. Its aim was to declare Egypt open for business, and to mark it as a country fertile and eager for sustainable growth. Another major event for Egypt was the re-opening in August of the "new" Suez Canal, a multi-year project for the Canal's expansion.

These are great opportunities for the growth of the Egyptian market, according to Fathy El-Sebai Mansour, chairman of the Housing and Development Bank (HDB), who highlights that they present opportunities to create more businesses and to partner with more investors, be they domestic or foreign. Furthermore, new

laws highlighted at the EEDC will make it easier and more secure to invest in Egypt, helping investors directly so that "they have the laws that protect their investments," Mr. Mansour says.

As with any rising economy, the banking sector becomes increasingly vital for financing businesses so they can improve and expand. "The banks are very important for growing with the market, progress, and business development in general," comments Mr. Mansour.

HDB anticipates positive resonance in the near future, "growing with our businesses and increasing our loan portfolio by granting finances to all these new activities," says the bank's chairman.

In its earlier incarnation, HDB, which was founded in 1979 as a subsidiary of the Ministry



Fathy El-Sebai Mansour, Chairman of HDB

of Housing, had a mandate to improve the supply and demand for housing in the Egyptian real estate market. In 2003, the bank was restructured to operate as a conventional bank.

Now HDB has expanded and comprises two divisions: banking and investments. The bank is doing well with this format, according to Mr. Mansour, and there is "very positive progress in terms of volume of business." Plus the dividends delivered to shareholders are high, as is the

level of returns the company is making through its development arm. Egypt's economy is growing, and its banking sector along with it. Mr. Mansour has worked in other, wealthier markets, but, as he puts it, "Egypt is a wonderful market. It is much wider; it is very big and profitable." ●



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