



Maher Milad Iskander & Co.
LAWYERS & COUNSELORS

EGYPT

LAND OF OPPORTUNITIES

Invest in Tourism

An Economical Guide

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Additional detailed information on Egypt, and advice on how to access our market intelligence and services, can be obtained from Maher Milad Iskander & Co. Trade and Investment Team in Egypt. Full contact details are available at the end of this guide.

Whilst we make every effort to ensure that the information is accurate, we can accept no responsibility for any errors, omissions or misleading statements.

Maher Milad Iskander
Managing partner

Background of Tourism in Egypt:

This guide is designed to inform potential investors about the current and upcoming tourism market within Egypt. We hope that after you have completed looking through it you will have an understanding of the different types of tourism within the country, where the core areas of investment lie, the advantages of investing here, and the legal processes which must be incurred to successfully carry out a project within this sector. We have also included a section outlining relevant success stories within this field. At the end you can find a brief over-view of our firm and the services we provide should you decide to launch a project in Egypt.

Cairo:

Tourism has long been one of the most attractive assets of Egypt, with a variation of activities and backdrops that cater to every traveller's needs. When considering Egyptian tourism one immediately thinks of the Pyramids of Giza which provide thousands of years of ancient history, as well as the chance to experience one of the last remaining Wonders of the World. Encircling the pyramids are the Great Sphinx and the Solar Boat Museum, making a trip to the Giza Plateau is a must for any history enthusiast.

Even though the pyramids may be the most recognized tourist site in Cairo, the city offers a number of attractions which are equally as captivating and unique. Those who are interested in

Religious monuments will not be disappointed with the number of Mosques and Churches which the country has to offer.

Spend a day in Coptic Cairo and stand in awe of the Hanging Church which dates back to the 3rd century AD, or visit the Babylonian Fortress which can be found within close proximity. The region of Old Cairo where these religious sites can be found is also home to several distinctive Coptic Orthodox churches, all of which can be conveniently visited within the same trip. The city also homes some of the greatest Mosques known to man such as Al-Azhar Mosque which houses the oldest university in the world. Start your journey here and progress to the Mosque of Sultan Mu'ayyad which

provides a breathtaking view of the city from its spire, followed by a stop at Bab Zuweila, the only remaining southern gate of medieval Cairo.

Conveniently surrounding Islamic Cairo is Khan el Khalili market where you can step back in time in a vibrant bazaar and buy anything from cliché souvenirs to antique furniture. Also within the region (and impossible to miss) is the Salah el Din Citadel, one of the world's greatest monuments to medieval warfare. The prominent fortress houses three mosques – one of which being the famous (famous) Mohamed Ali Mosque – a carriage museum, a military museum, and a garden museum, making a trip to the Citadel well worth your time.

Beaches:

Stepping out of Cairo, visitors are spoilt for choice when it comes to beaches. On the pristine coastline of the White Mediterranean you'll find the right mix of resorts, cultural attractions, sports activities, and small town charm. The White Mediterranean runs from El Alamein to the small harbour town of Marsa Matruh. Here, you can also visit Alexandria to see Pompey's Pillar or El Alamein to see the site of a major World War II battle, both of which will continue to inject culture and history into your stay at Egypt.

Alternatively, you may want to spend your time along the Red Sea Riviera which proves to be an excellent holiday destination for families, couples and large groups of friends alike. Located near the Eastern Desert and south of Sinai, the Red Sea Riviera is a long coastal area full of stunning beaches that lead to the Red Sea. The activities available here are countless, from swimming with dolphins to quad biking through the desert, not to

mention the vibrant nightlife which the area is also famous for. The region also gives access to many impressive diving, fishing and snorkeling spots which can be enjoyed year round thanks to the warm Egyptian sun. International Hotels that suit every price range can be found in Sharm el Sheikh and El Gouna so you can treat yourself to spa days and exquisite cuisine to your heart's content. Alternatively, if you prefer a more low-key setting or are looking to partake in some medical tourism, take a trip to Marsa Alam or Safaga for the chance to regroup and connect with friendly locals.

Deserts

A trip to Egypt would not be complete without a journey through the Western Desert where one can ride through miles of golden sand dunes and marvel at inimitable rock formations. The Western Desert is 262,000 square miles consisting of dunes, canyons, oases, mountainous plateaus, and valleys that span most of the land west of the Nile Valley. Take the chance to interact with these rare surroundings by

dipping in the Bahariya, Farafra or Dakhla Oasis wherein you can also visit ancient Ptolemaic tombs and the Temple of Alexander the Great. Nearby you can also visit the Black Desert which gets its name from the layer of black powder and rock caused by years of erosion from the mountains, and the White Desert which is renowned for its giant mushroom shaped white rock formations. Safari and quad biking trips are available throughout the Western Desert, as are a number of other desert activities.

The Nile:

Finally, our journey through the country takes us to the enchanting Luxor and Aswan. It is possible (and highly recommended) to make your way down to Luxor from Cairo by boat through the Nile. The trip takes four days which is obviously longer than the average train ride; however the itinerary of the trip is extremely seductive. During the first two days, you'll get to explore the High Dam, the Granite Quarries and sail to the Temple of Philae and

Kom Ombo. You also have the option to sail the Nile by felucca around Kitchener's Island to visit the famous botanical garden. During day three, you'll explore the Horus Temple of Edfu and the Galabiya party. Finally, on day four you'll see the best of Luxor, visiting the Temple of Karnak, Hatshepsut's Temple, the Valley of the Kings and Queens, and Luxor Temple – a trip truly worthy of royalty.

Investing in Tourism in Egypt

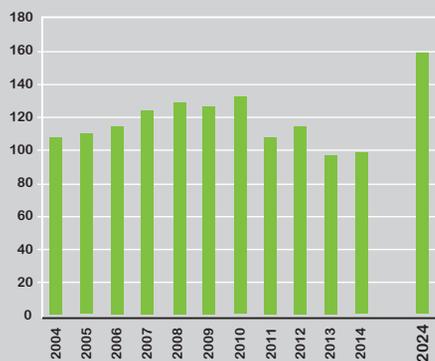
It can be seen that tourism in Egypt is both varied and exciting and thus provides opportunities for lucrative investments which are difficult to rival. In 2013, Egypt's tourism sector was considered the largest in North Africa with the coming years forecasting an increase in revenues as the number of tourists and the average duration of stay also incline.

Luxury hotels have long had prominence throughout the country however; other highly promising sectors include niche experiences such as residential tourism, health and medical tourism, therapeutic tours, providing nature and desert safaris, eco-tourism, and adventure travel.

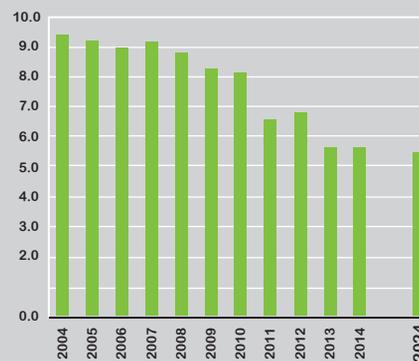
Though leisure tourism remains the largest market segment, business and conference tourism is also on the rise, as is health tourism, with Cairo as a principal healthcare hub within the region.

EGYPT: DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO GDP

Constant 2013 EGPbn



% of whole economy GDP



The total contribution of Travel & Tourism to GDP) (including wider effects from investment, the supply chain and induced income impacts, see page 2 was EGP217.1 bn in 2013 (12.6% of GDP) and is expected to grow by 1.1% to EGP219.5bn (12.5% of GDP) in 2014. it is forecast to rise by 4.9% pa to EGP353.2bn by 2024 (12.2% of GDP).

Core Areas for Investment:

- **Hotels**

Currently the country is well-served by five-star properties, however there is a considerable room for investment in the three- and four-star hospitality segments. Over the last few years there has been an influx in companies which cater to foreign investors looking to purchase smaller hotels, such as Lincom Real Estate which was established in 2007 and has expanded rapidly since. The existence of such companies offers peace of mind for any investor since they provide consultancy services which take care of everything from market analysis to investment strategies.

- **Residential tourism**

Egypt has much to offer for the foreign investor: Its year round warmth offers high rental potential especially for winter sun holidays. This, teamed with its ability to cater to an array of tourists makes any property purchase here a very profitable investment. At the same time, investors can enjoy a beautiful holiday home and meanwhile the property is unoccupied they could watch its value increase at a steady pace. Guaranteed rental agreements can also prove to be very lucrative and removes the hassle of finding tenants for periods of up to 5 years. The country also boasts tax breaks such as; no stamp duty, no capital gain tax on resale, no sales tax, low death succession duty 7% (to transfer property ownership), tax benefits (extremely low taxes), ease of access to banks (easy to open accounts and to transfer funds) and 0% tax on bank

interest, all of which make investment in property undeniably a good value for money.

A further advantage is the growing availability of off-plan investment in Egypt (buying property from developers before the building is completed, sometimes even before the foundations are laid), which have proven to be more beneficial to investors in terms of overall net income as the plot of land/property is sold for a fraction of its price upon completion. As soon as the erection of the property has been completed, a profit will be made with purchasers being able to achieve returns of between 10-100% in just 24 months. With this type of investment, clients can benefit from an excellent finance structure with deposits as low as 10 - 30% of the value of the purchase being required. The balance is then payable upon completion and can be financed by mortgage.

Currently, there are a small number of successful companies which specialize in this type of tourism such as Sharm el Sheikh Real estate which was established in 2004, however; this type of investment is still considered a niche and remains to be fully exploited.

- **Therapeutic tours**

The therapeutic qualities of Egypt have been recognized since ancient Greek times. Rich with a wide range of natural

resources, such as hot springs and sea minerals, it is easy to see why this area of tourism is picking up quickly.

According to scientific research, the clay found within the springs has therapeutic properties that can cure numerous bone, skin, kidney, respiratory diseases. The Red Sea water with its chemical composition and abundance of coral reefs has also been found to help cure various forms of psoriasis.

Aswan's dry weather is ideal for enjoying sand bathing during the period from May to September which is useful for curing various diseases such as rheumatism and rheumatoid arthritis. In Aswan, many hotels have physiotherapy centers manned by efficient and highly trained staff experienced in various types of massage therapy. Moreover, rheumatoid patients can be treated in hot sands surrounded by a calm and beautiful landscape and pollution free environment which also contributes to speedy recovery. Aswan's year round clear sunshine teamed with its dry weather provides an ideal atmosphere for curing rheumatism and bronchial asthma. Further south, Abu Simbel, with its high rate of ultraviolet rays and a low humidity rate during the period from December to March, also provides a congenial environment for treatment of these diseases.

The Nubians in this region still practice traditional medicine, particularly herbal treatments. They use a plant called "Halef al'Bar", in treating common colds, "Damsisa" in treating urinary tracts diseases and ground pomegranate peels in treating dysentery.

Healing springs can be found across the country

from Sinai to Helwan providing countless potential locations for interested investors. Since the focus of therapeutic holidays is to improve the clients well-being, the shift can be moved away from luxury (as tends to be the case with hotels in the country) therefore allowing a new business to be less costly in comparison to its counterparts.

- ***Nature/desert safari***

There are many long withstanding companies which offer safari trips into Egypt's majestic desert to both residents of Egypt and those wishing to visit from abroad. Again, the options for a business venture here are plenty with some companies choosing to specialize their services (for example jeep safaris in Bahariya) and others throwing out a much broader net, offering trips across the country with jeeps, camels, beach buggies and quad bikes. This particular type of tourist attraction has become increasingly popular among the under 30s over the recent years as the majority of the trips can be exhilarating and pocket friendly at the same time. As with many of the niche tourist markets in Egypt, the start-up costs of such a business need not be overwhelming since a minimalistic style is often what attracts clients to the experience.

- ***Eco-tourism adventures***

Ecotourism, or green travel, has become quite common these days with the increasing awareness of the negative impact tourism can have on any given country. Ecotourism recognizes these problems and aims to reduce these negative effects as much as possible.

In Egypt, there is a rapidly growing market for this kind of travel, with locals and tour operators taking more of an initiative to protect some of the fragile environments so interesting to tourists. Eco-lodges, for example, have begun popping up along the Red Sea coast and in the desert oases. Perhaps the most famous eco-lodge is

Basata, located on the Red Sea coast between Taba and Nuweiba.

This eco-lodge was built with natural materials and all waste at the camp is either used fertilizers or building material. But Basata's not the only eco-lodge around. There are quite a few along the Red Sea, with Marsa Alam also being a choice destination with for eco-lodges.

Since the very purpose of these projects is to reduce waste and benefit the local environment, investors can benefit from the educated and eager locals who are willing to work with comparably low wages, with many even taking the initiative to sell handmade items as souvenirs. Again, simplicity is key with these types of business ventures, especially since the local Bedouins are keen on maintaining the relaxed atmosphere that Sinai, Siwa, Marsa Alam and the like are known for. Since start-up costs can be very low for such projects and there appears to be a worldwide focus on ecotourism, it is difficult to see how an investment in this sector would fail to benefit all parties involved.

- **Medical/health tourism**

Another rapidly increasing sector within Egypt is that of medical tourism. There are many reasons as to why this field is growing with such success, the most recurrent of which is Egypt's competitive geographical location between the Middle East, Europe and Africa which provides ease of access to travellers from across the globe. Aside from this however, those travelling to Egypt for medical treatment can enjoy high quality service for a price which is significantly lower than that in their country of origin (it is estimated that US patients can save up to 60% on medi-

cal treatments including travel and accommodation).

More importantly however, there are no waiting lines for procedures, allowing for those who need immediate care to be seen too quickly. Patients from everywhere come to Egypt seeking the convenient combination of the finest personalized medical care with the unforgettable touristic experience at an affordable and reasonable overall cost.

Egypt currently attracts an estimated 50,000 medical(tourism clients) tourists, almost exclusively from nearby Arab and African countries which have strong cultural and geographic ties. It also has a long and respected tradition of medicine, and a strong asset in respected Egyptian doctors at home and abroad. Egypt currently is witnessing investment in the development of medical centres at tourist resorts such as Porto Ghalib in Marsa Alam and the Marassi project in the North West Coast. There are also a growing number of healthcare investments more likely to appeal to international medical tourism markets such as EL-Gouna hospital in Hurghada, the (plastic surgery) clinics in Cairo, Sharm EL-Sheikh and Hurghada, and the Andalusia hospitals in Alexandria.

Finally, Costs of living are relatively reasonable in Egypt compared to other medical destinations such as Dubai. This will help attracting specific segments of the Arab and African markets.

For investors, a specific goal will need to be established to allow for a successful business.

This means that investors will have to assess whether or not their focus will be more on the medical treatment (such as surgery and other palliative/curative care) or whether they wish to focus more on wellness tourism.

Advantages:

(1) Geographic Location

Egypt's geographic location at the center of the world has placed it within reach of international markets in European, Arab, African and south Asian countries.

(2) Landscape and Climate

The diverse nature of Egypt's terrain, which includes beaches, oases, deserts, mountains, both the Mediterranean and Red seas and the Nile River Valley, create many enticing investment opportunities for investors, if only for the array of choices they will have when considering a location for their business. The country's warm climate allows for tourism 12 months out of the year — and makes it a particularly popular winter destination for tourists from cold-weather locations including Russia and Northern Europe.

(3) Transportation

Travel to Egypt and within the country is facilitated by the country's well-developed physical infrastructure including major roadways, railways, river navigation, and ports, as well as a network of world-class airports in all major urban centers. Furthermore, many low cost airlines offer regular flights to and from Sharm el Sheikh, Hurghada and Luxor airport, making traveling to the country both easy and affordable.

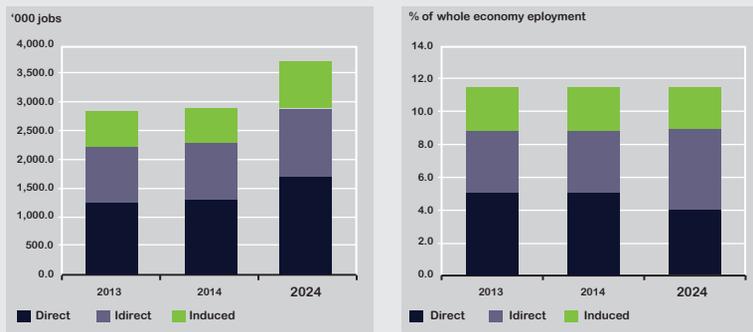
(4) Labour Force

In 2013 Travel & Tourism directly supported 1,251,000 jobs (5.1% of total employment). This has risen by approximately 2.4% in 2014 and is expected to rise by 2.5% Per annum to 1,648,000 jobs (5.2% of total employment) in 2024. In the same year the total contribution of Travel and Tourism to the Egyptian job market, including jobs indirectly supported by the industry was 11.5% of total employment (2,848,000 jobs). This has risen by 1.6% in 2014 to 2,892,000 jobs and should increase by 2.4% per annum to 3,673,000 jobs in 2024 (11.5% of total).

Since tourism directly and indirectly employs such a high percentage of the Egyptian working population, jobs in tourism are highly sought-after, from entry-level service positions to top

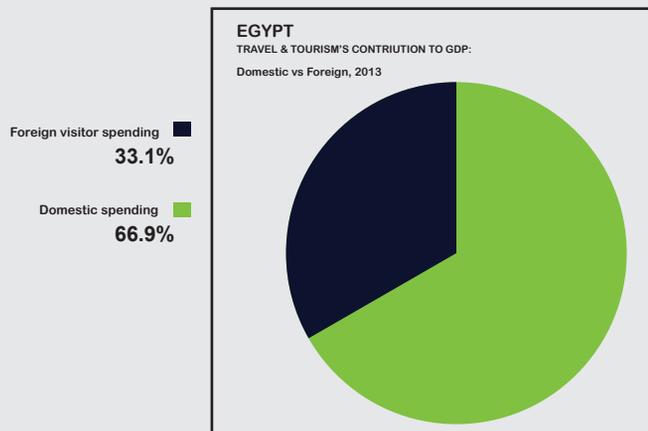
management posts. Labour force in Egypt is therefore both readily available and highly affordable by global standards, particularly in entry to mid-level positions. This advantage is further supplemented by the fact that annually, more than 22,000 students graduate from Egyptian universities with European language skills, including English, French, German, Italian and Spanish. Many of these students have studied their second language since primary school and would therefore be able to put their education into practice with a high level of professionalism.

EGYPT: DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT



(5) Large Domestic Market

Recent growth trends have seen an increase not only in the number of foreign visitors, but also the number of Egyptian nationals traveling within the country. Egypt's large population base includes more than 5 million citizens who can easily afford to take high-priced vacations. Even lower-income earners try to travel within Egypt at least once per year, thus providing a stable base of local travellers who promote internal investment and fortify foreign investment. This point is only strengthened when we consider the consistent increase in the nation's population.



Domestic travel spending generated 66.9% of direct Travel & Tourism GDP in 2013 compared with 33.1% for visitor exports (ie foreign visitor spending or international tourism receipts).

Domestic travel spending is expected to grow by 1.1% in 2014 to EGP93.9bn, and rise by 4.8% pa to EGP 150.3bn in 2024.

Visitor export are expected to grow by 3.6% in 2014 to EGP47.6bn in 2024, and rise by 4.9% pa to EGP77.2bn in 2024.

(6) Supporting Industries

Egypt's tourism industry thrives in large part due to its supporting industries, including food services, construction, laundry services, destination management, training, and car rentals. Highly integrated economic sectors promote efficiency and mutual profitability therefore increasing the likelihood of success for any new business.

(7) Support from the Egyptian Government

Under the new legal framework, the Egyptian government allows:

- 100% foreign ownership of companies
- 100% foreign representation on(in/at) the board of directors
- Full rights of profit and dividend repatriation in any currency
- Protection against expropriation
- Protection against double taxation through international treaties
- Protection against compulsory pricing
- Transfer pricing assessment on the "arm's length" principle, based on worldwide practices such as competitive free price, the total costs plus profit margin, and the resale price methods

These welcoming changes in the law facilitate the implementation of any new business in a cost effective and legally safe manner.

Property Ownership in Egypt:

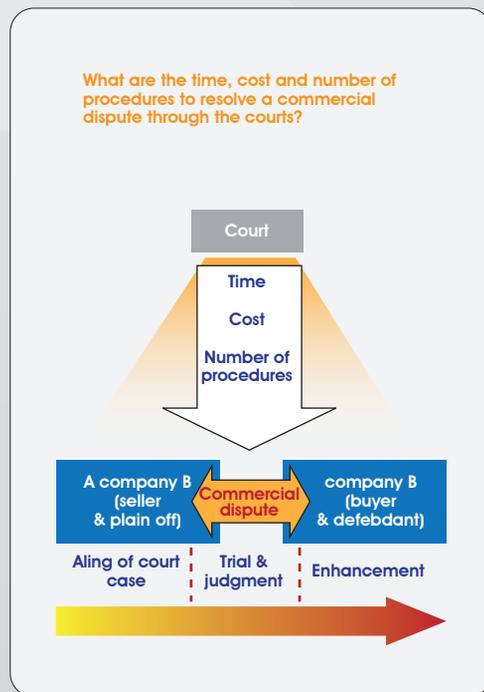
Here are some key facts worth noting regarding property ownership within Egypt:

1. Foreigners have the right to purchase property in Egypt the same way that Egyptian nationals do
2. A visa is not needed to purchase property in Egypt; however, it will be required to be a resident.
3. Apartment's registration is carried out through a professional lawyer who will complete all of the registration procedures for you. These include fee payments, apartment surveys procedures, preparing legal documents, certifying the documents from the relevant public authorities and attaining the signatures of both parties. For foreign clients, government approval is also required and can be attained through your local lawyer.
4. For foreigners the registration process takes a maximum of 4 months .

5. Foreigners are free to rent their property to anyone after the purchase is complete
6. The owner has to pay a tax for renting a furnished apartment which equates to approximately 40% of the rent amount.
Due to the high percentage of taxes imposed on renting furnished apartments, owners are turning currently to renting unfurnished apartments, citing any furniture in a separate document, in order to avoid paying the costly taxes.
7. Insurance is available from renowned companies such as Allianz who can provide extensive cover for you and your property.
8. Property can be sold prior to its completion, however higher returns will be gained from selling completed property.
9. The Governor approval is needed to convert a residential property license into a commercial one. The city council then performs an inspection on the property which will normally be followed by the charging of a fee based on how long the property has been established until its requested conversion. Inspections are then carried out by other legal entities such as the Property Taxation Authority.
10. To be eligible for a mortgage you must fulfill the following requirements:
 - Be at least 21 years of age.
 - Have a steady and proven income.
 - Your maximum monthly installment should not exceed 35% of the gross proven income.
 - Apply with the intent of purchasing, building or improving a home.
 - The property must be registered or able to be registered.
 - The Egyptian finance organizations can fund up to 75% of the property value.
 - You will pay off your installments through a set monthly amount up to 5 years for nonresident.
 - The Egyptian finance organization's legal team studies the documents to guarantee your ownership.
 - You may present your documentations and requests directly to the company or through a MFA certified agent.

The Egyptian Legal System:

Egypt's system of civil law is based on a legal code derived largely from the Napoleonic Code. Jurisdiction is determined on the basis of the claim value. Cases up to and including EGP 40,000 (US\$5,700) are heard by the lower division of the courts of first instance, and those above EGP 40,000 are heard by the upper division.



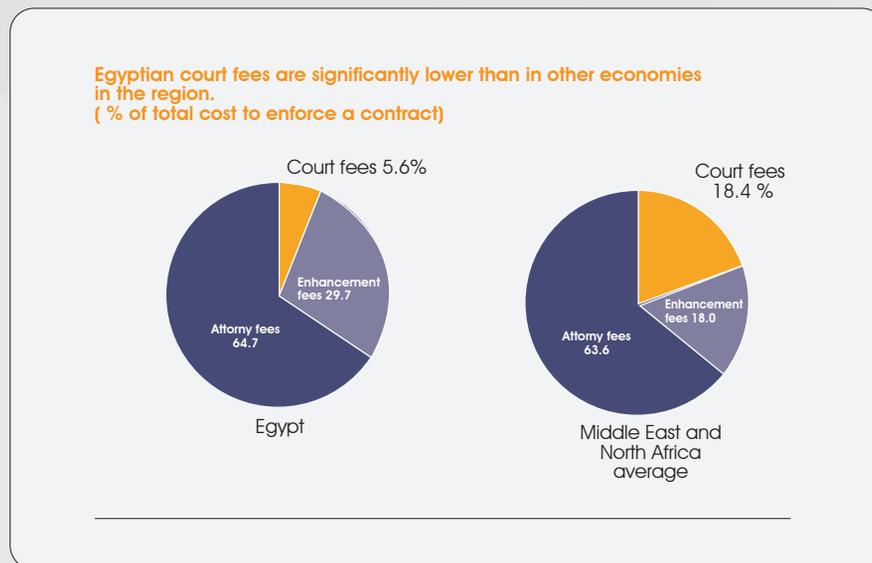
The Civil and Commercial Procedural Code regulates the procedures before all sorts of courts as laws, regulations and procedures are the same across cities. However, the court jurisdiction varies from one local dispute court to another according to the nature of the dispute.

One way to reduce caseload is alternative dispute resolution (ADR). Since 2009, the International Finance Corporation (IFC) has supported an ADR project by providing professional training and certification for mediators, conducting awareness raising workshops, and assisting with the drafting of Egypt's first mediation law, which will regulate both private and judicial mediation. These efforts have already started to produce positive results. There is a now steady referral of cases to mediation at the three IFC-supported institutions the Economic Courts, the General Authority for Investment and Free Zones, and the Cairo Regional Centre for International Commercial Arbitration—and the average number of days required for case resolution through mediation is 28.6 days.

The average cost of litigation in the Egyptian cities measured is 23.6% of the claim value, is significantly lower than the global average of 35.1% and below the regional average of 24.6%. Court and enforcement fees are regulated nationally by the Ministry of Justice as set by the Law on Court Fees and therefore are identical across cities. Egypt's court fees, at 1.3% of the claim value, are among the lowest in the world. Together, the court and enforcement fees constitute 35.3% of the total cost, with court fees accounting for only 5.6%, compared with 18.4% of the total cost in the Middle East and North Africa. Court fees such as the fee to file a case are fixed, while the enforcement fees are largely based on a percentage of the claim value.

Egypt is one of the countries which take less time to issue a judgment. As the number of days it takes to consider a lawsuit is 1010 days. This is relatively good in comparison with Italy that takes 1185 days to consider a lawsuit.

Such period could be reduced in many governorates where an efficient computerized system allows judges and court registers to access case information including trial dates, adjournment and final judgment.



Relevant Laws for Investing in Egypt

Investment Law No. 8 of 1997 and Companies Law No. 159 of 1981 and their amendments are two key laws that regulate the investment environment in Egypt:

1. Investment Law no. 8 of 1997:

Law no. 8 of 1997 repealed the Investment Law no. 230 of 1989. In which it authorizes/ invests/ states only --the General Authority for Investment and Free Zones (GAFI). As the one authority responsible for investor incentives and guarantees .It also grouped some 20 exemptions and incentives under one law, and specified activities that would automatically accrue benefits to investors. It allows 100% foreign ownership of ventures and guarantees the right to remit income earned in Egypt and to repatriate capital.

Key provisions include: the guarantee against confiscation, sequestration and nationalization; the right to own land; the right to maintain foreign currency bank accounts; freedom from administrative attachment; the right to repatriate capital and profits; free hiring of Egyptian staff, absence of price control or restrictions, and equal treatment regardless of nationality.

Under Law 8, investments are approved automatically for projects in 16 distinct fields, effectively creating a "positive list." These fields include tourism -covering hotels, motels, tourist villages and transportation.

2. Companies Law no. 159 of 1981:

Law no. 3 of 1998, amending law 159 of 1981, covers investors in any sector not covered by Law 8 of 1997; including shareholders, joint stock, limited liability companies, representative and branch offices. It allows for automatic registration of a company upon presenting the application to the Companies Department, and for the acquisition of legal status, 15 days after annotation in the Commercial Register.

The Administrative Authority can challenge the establishment of the company within 10 days of its notification in case of non-compliance with the procedures; the company's objective contradicts with laws or public order; or lack of qualifications requisite to operating a business (Article 17 & 18).

Founders of joint stock companies must submit a bank certificate showing a 10% deposit of the issued capital to the Companies Department, and to be increased to 25% within three months (Article 32); as for the limited liability companies, the issued capital should be fully paid.

Law 3 of 1998 amending law 159 provides the right of petition for denial of incorporation, removes the restriction that 49% of shareholders must be Egyptian, allows 100% foreign representation on in/at the board of directors, and redefines accounting standards.

3. The Commercial Register Law:

The process of registration whether for agents or companies, is governed by the Commercial Register Law No. 34 of 1976 and its amendments (98/1996). The basic rule is that anyone carrying on a commercial activity must register in the Commercial Register.

The Commercial Register Law provides that all registrations must be renewed every 5 years. Once a person, company, or partnership is registered, it must put its trade name, place of registration and registration number on the front of its premises and on all its correspondences

The penalties for violating the provisions of the Commercial Register Law are set forth in Articles 17 – 21 of the Law, and range from a fine of LE10 – 100, that might be multiplied in case of repetition; however the penalties might be three months - two years imprisonment and/or a fine between LE100-LE500, in case of any of the events mentioned in Art.18 occurred...

4. Land Ownership Regulations:

The ownership of land by foreigners is governed by three laws: Law No. 15 of 1963, Law No. 143 of 1981 and Law No. 230 of 1996.

Law No. 15 of 1963

Law No. 15 and its amendments (Law 104 of 1985) provides that no foreigners, whether natural or legal persons, may acquire agricultural land.

Law No. 143 of 1981

Law No. 143 and its amendments (55/1988, 205/1991, & 96/1995) governs the acquisition and ownership of desert land. Certain limits are placed on the number of feddans (one feddan is equal to approximately one hectare) that may be owned by individuals, families, co-operatives, partnerships and corporations. Partnerships are permitted to own up to 10,000 feddans, provided that a single individual shall not own more than 150 feddans. Joint stock companies are permitted to own up to 50,000 feddans.

Partnerships and joint stock companies may own desert land within these limits even if foreign partners or shareholders are involved, provided that at least 51 % of the capital is owned by Egyptians. However, upon liquidation of the company, the land must revert to Egyptians. Article 1 of Law No. 143 defines desert land as the land located two kilometers outside the border of the city.

Further, the lease of such land for more than a period of 50 years shall also be considered to be ownership under Law 143.

Although companies formed under the Investment Law No 8/1997 do not require Egyptian participation, companies that undertake projects over desert land must be owned in their majority by Egyptians. According to the law 55 of 1988, the President of the Republic may decide to treat Arab nationals as Egyptian nationals for purposes of this law.

Law No. 230 of 1996

On July 14, Law No. 230 of 1996 was issued superseding Law No. 56 of 1988. The new law allows non-Egyptians to own real estate whether built or vacant with the following conditions:

- That ownership be limited to only two real estate properties throughout Egypt for accommodation purposes of the person and his family (family meaning spouses and minors), in addition to the right to own real estate needed for activities licensed by the Egyptian Government.
- That the area of each real estate not be in excess of four thousand square meters.
- That the real estate is not a historical site.
- Exemption from first and second conditions is subject to the approval of the Prime Minister. Ownership in tourist areas and new communities is subject to conditions established by the Cabinet council of Ministers.
- Furthermore, non-Egyptians owning vacant real estate in Egypt must be build within a period of five years from the date of their ownership is effective (the date on which the property is registered at the competent Notary Public Office). Non-Egyptians may only sell their real estate five years after registration of ownership, unless the consent of the Prime Minister is obtained.

- **5. Tax Law**

A country's tax regime is always a key factor for any business considering moving into new markets. Egyptian Tax Authority (ETA) is generally responsible for administrating taxes in Egypt. The Tax is paid on the net profit of the entity in question, established by duly audited financial statement.

The main taxes applied in Egypt are Income taxes applicable on individuals and tax on company's profit applicable on all juristic persons.

Personal Taxation:

The Egyptian President approved on June 2014 the changing of Egypt's tax law so that more taxpayers are included in the top band of tax, a rate of 30 percent.

After the changes, those with incomes of EGP 1,000,000 will be required to pay the 30 percent rate; previously, the rate was 25 percent only for those earning more than EGP 250,000.

According to The amendments of Egypt's income tax law, approved by the Egyptian President, the first EGP 7,000 earned by all workers within the bureaucracy is not subject to income taxes. Workers with a salary of up to EGP 5,000 would benefit from the first income bracket exemption. The second bracket, from EGP 5,000 to 30,000, is subject to a 10%

income tax rate. The third bracket, from EGP 30,000 to 45,000 is subject to a 15% tax. The fourth bracket, EGP 45,000 to 250,000 is subject to a 20% tax. The fifth bracket, EGP 250,000 to 1,000,000 is subject to a 25% tax. The sixth bracket, more than EGP 1,000,000 is subject to a 30% tax.

- **Corporate Taxation:**

The Corporate Tax Rate in Egypt stands at 30 percent. Corporate Tax Rate in Egypt was 20 percent from 2005 until 2012, reaching an all-time high of 25 percent in 2013. The Egyptian Tax Authority is the one authorized to report corporate Tax Rate in Egypt.

The corporate income tax law has been segregated into two Tax brackets:

1. **First bracket** - profit up to one million EGP subject to tax rate of 25%.
2. **Second bracket** - profit which is more than one million EGP subject to tax rate of 30%.

Mutual funds income is subject to tax, except cash mutual funds, which is still exempted.

Taxation on Dividends - is subject to a 10% tax. In case the shareholder has owned more than 25 percent of issued capital, tax rate will be reduced to 5%. Stock dividends are exempted from tax.

Capital gains – on listed financial securities trading is subject to a tax rate of 10% annually. Losses may be carried forward for 3 years calculated from the following year of the year in which capital losses have been occurred.

International Success Stories:

- **Thomas Cook Overseas Ltd**

Using its international reputation as a leading international travel agency, Thomas Cook is undoubtedly a prominent company in the field of travel and financial services in Egypt, with a large network of 23 retail branches and service units throughout the country. The company is a leading operator for inbound tourism incentive and conference travel and outbound leisure and corporate travel, catering to the diversity of travellers within Egypt.

- **Hilton Worldwide**

Hilton Hotels & Resorts is an international chain of full service hotels and resorts and the flagship brand of Hilton Worldwide. As of 2010, there were over 530 Hilton branded hotels across the world in 78 countries across six continents. Hilton hotels are either owned by, managed by, or franchised to independent operators by Hilton Worldwide. Hilton hotels are renowned worldwide for their high standards and luxurious take on travel accommodation. Currently, the Hilton operates five hotels in Cairo and Alexandria, and 12 resorts throughout the country in Sharm el Sheikh, Hurghada and Marsa Alam.

The Conrad Hotels are also owned and operated by Hilton World Wide and are equally renowned for their quality. Currently, there is one Conrad Hotel in Egypt located in Cairo.

- **Intercontinental Hotels Group (IHG)**

InterContinental Hotels Group PLC informally InterContinental Hotels or IHG, is a British multinational hotels company headquartered in Denham, UK. IHG has over 670,000 rooms and 4,600 hotels across over 100 countries. Its brands include Candlewood Suites, Crowne Plaza, Even, Holiday Inn, Holiday Inn Express, Hotel Indigo, Hualuxe, InterContinental and Staybridge Suites. Their Intercontinental Hotels have long had a significant prominence in the Egyptian tourism sector for the provision of exclusive travel accommodation. Currently, there are four branches of the hotel in Cairo semiramis, Taba Heights, City Stars Cairo and Port Ghalib.

More recently, the Country has seen the introduction of several Holiday Inn branches which have been highly successful due to their affordable yet quality rooms. Currently, there are two Holiday Inn branches in Cairo, three in Taba, and one in Marsa Alam which is set to be open shortly.

- **Kempinski Hotels**

Kempinski Hotels S.A. is an international hotel chain founded in Berlin, Germany in 1897, making it Europe's oldest luxury hotel group. The Kempinski Corporate office is located in Geneva, Switzerland. The hotel group currently operates 103 five-star hotels in 36 countries, as well as being a founding member of the Global Hotel Alliance (GHA), the world's largest alliance of independent hotels. There is currently one Kempinski Hotel in Garden City in Cairo, and another in Soma Bay on the Red Sea, both of which are very highly regarded in the Egyptian tourism sector.

- **Fairmont Hotels**

Fairmont Hotels & Resorts is a Canadian-based operator of luxury hotels and resorts which operate properties in 19 countries including Egypt. There are two branches of the hotel in Cairo (Heliopolis and Down Town), with a further one due to open in 2016 in Sharm el Sheikh.

- **Four Seasons Hotels & Resorts**

Four Seasons Hotels Inc. is a Canadian international luxury, five-star hotel management company. The company has been named one of the "100 Best Companies to Work For" by Fortune every year since the surveys inception in 1998, and is lauded for having one of the lowest turnover rates in the industry. There are currently two Four Seasons in Cairo, one in Sharm el Sheikh and one in Alexandria.

- **Marriott International**

Marriott International is an American diversified hospitality company that manages and franchises a broad portfolio of hotels and related lodging facilities. Marriott International is the largest hotel company with more than 4,087 properties in over 80 countries and territories around the world, over 697,000 rooms (as of July 2014), and additional 195,000 rooms in the development pipeline. There are eight Marriott Hotels in Egypt located in Cairo, Hurghada and Sharm el Sheikh.

- **Sonesta Hotels and Resorts**

Sonesta Hotels, Resorts & Nile Cruises represents a collection of 26 upscale properties, designed to reflect the essence of their location and the individuality of the surrounding culture. For over 60 years, Sonesta has owned, managed, designed, built and marketed hotels throughout the world in locations such as Boston, Miami, New Orleans, St. Maarten, Brazil, Peru, Egypt and Orlando. Within Egypt, there are seven branches of the hotel in Cairo, Luxor, Sharm el Sheikh and Hurghada.

- **Movenpick Hotels and Resorts**

Mövenpick Hotels & Resorts is an upscale international Swiss hotel chain. The hotels are primarily 5-star hotels, resorts and business/airport hotels. The hotel company is owned by the Mövenpick Holding (66.7%) and the Kingdom Group (33.3%). The chain currently operates more than 110 hotels in 26 countries. Mövenpick also operates 5 luxury cruise ships on the Nile and Lake Nasser. The hotel chain serves 5.8 million people annually. The World Travel Market in London named Mövenpick Hotels and Resorts as the "fastest growing hotel chain in

the Middle East" in 2003. As well as the cruise ships, Movenpick also have ten branches of their hotels across Egypt in El Ein el Sokhna, Aswan, Hurghada, Soma Bay and El Gouna.

- **Novotel**

Novotel is a mid-scale hotel brand within the Accor group which operates close to 400 hotels and resorts in 60 countries. There are currently four branches of the hotel in Egypt, two in Cairo and two in Sharm el Sheikh.

- **Swiss Inn Hotels**

Swiss Inn Hotels & Resorts has evolved into a high regarded niche hotel management company since the founding in 1994 by Anton Good. With over 10 hotels and resorts existing or under construction in the core markets of Egypt and Middle East, the brand is becoming more and more well known amongst avid travellers for their good customer service and well-priced rooms. Swiss Inn also operates two Nile cruises named "The Swiss Inn Radamis I & II".

- **Helnan International Hotels**

A multinational group with holding companies and subsidiaries in many countries established in 1982 by their founder Enan Galaly as a Scandinavian group headquartered in Denmark with extended activities that vary from owning, to managing and developing five and four star hotels in different parts of the world. The group has acquired world-wide experience in up-grading first class hotels in Scandinavia, USA, the Middle East and North Africa. Currently, there are five branches of Helnan Hotels across Egypt in Alexandria, Aswan, Sharm el Sheikh, Fayoum and Nuweiba.

National Success Stories

- **Orascom Hotel & Development**

Orascom Development Holding AG is a holding company that subsidiary develops hotels, offers real estate, infrastructure, leisure services, and builds and operates vacation resorts. It is headed by Samih Sawiris, one of Onsi Sawiris's sons. It operates hotels throughout Egypt, Jordan, and the United Arab Emirates through Orascom Hotels and Development, its the principal operating subsidiary. Orascom Development Holding AG is incorporated in Altdorf, Switzerland, and is listed on the Swiss Exchange, which acts as its principal stock market.

The Hotel and development branch of this corporation specializes in integrated towns that offer an array of touristic accommodation which range from hotels to private villas, apartments and supporting infrastructure. Currently, the Group manages six operating destinations: El Gouna, the flagship project on the Red Sea Coast in Egypt, Taba Heights in the Sinai Peninsula, Haram City and a budget housing town on the outskirts of Cairo. Furthermore the Group has eight destinations under development including Amoun Island, Fayoum, Makadi and Qena Gardens in Egypt. In total, the group operates 29 hotels with 6654 rooms and a land bank of 105.8 million m².

- **Travco Group**

Over the last 30 years Travco has created a tourism and hospitality empire which is extremely eminent in both Egypt and the Middle East as a whole. Today, the group owns and operates the country's largest fleet of Nile cruise ships, an extensive collection of hotels and resorts, mega-real estate developments offering high-end summer residences and resort experiences, and innumerable ground, sea and air transportation services.

- **Emeco**

Established in 1976, Emeco is a premiere travel agency and destination management company operating travel services, cruises, transportation and airlines divisions. Emeco Travel is a general sales agent for leading airlines including American Airlines, Air Malta, Korean Air, Malev Hungarian Airlines, South African Airways and TAP Portugal. Emeco also offers a diversified transportation group offering solutions ranging from 5-passenger vehicles to 50-person buses.

In Egypt, they are considered a leading travel company offering comprehensive travel services to individuals, groups, and corporations. In the 35 years since its inception, Emeco established itself as a pioneer in introducing incentive travel to the region. Since then it has expanded to become the premier travel organization and Destination Management Corporation in Egypt.

- **Egyptian General Company For Tourism And Hotels (EGOTH)**

The company belongs to the Egyptian government through complete ownership by the Holding Company for Tourism, Hotels & Cinemas (HOTAC). Among the company's hotel business are international establishments such as Marriott, Oberoi Hotels, Sofitel and Mercure. In Q311, EGOH property included 14 hotels throughout the country (Luxor, Cairo, Giza, Alexandria and the Red Sea) and one Nile cruiser. The group's hotel capacity amounts to approximately 3,750 rooms. The company shares in 18 joint ventures operating in the fields of tourism, hotels and tourist development. EGOH also owns plots of land at prime locations in Cairo, Luxor and Hurghada, allocated for hotel and tourism development projects

- **Golden Pyramids Plaza (City Stars)**

Established in 1991, Golden Pyramids Plaza SAE is an Egypt-based company engaged in the fields of entertainment and hospitality facilities management. The Company operates through managing CityStars Heliopolis Cairo entertainment complex, which is situated in Nasr City, and consists of three international hotels, namely InterContinental Cairo Citystars, Holiday Inn Cairo Citystars and Staybridge Hotel, shopping and entertainment centers, office buildings; residential towers, and a medical center.

- **Misir Travel**

Established in 1934 Misr Travel is the first and oldest travel company in Egypt and the Middle East. Throughout that period Misr Travel has been managed by a long line of influential economists and politicians. Misr Travel is recognized, world-wide, as the most important leading travel company in Egypt, offering a full service Destination Management Company specialized in inbound to Egypt as well as Outbound to any worldwide destination. As well as assisting with any request, to ensure that both a comfortable and memorable stay is secured for all guests.

What Our Firm Can Do For You:

With over 25 years of experience Maher Milad Iskander & Co. can assist in the following areas:

- Reviewing agreements & contracts, participating in negotiations, providing pre-contract advices and drafting of all kinds of real estate contracts.
- Preparation of documents and relevant paper work for the registration of tourism projects.
- Commercial agreements and bookings: booking terms and conditions, supplier agreements, agency and distribution arrangements.
- Creating employment contractual terms and conditions, overseas employment issues, trade union negotiations and representing our clients before competent courts against all claims.
- Dispute resolution: fraud, bribery and financial investigations, corporate manslaughter, international asset recovery, shareholder disputes
- Staying updated with any changes in the law (nationally and internationally) related to the tourism sector and informing clients of these changes.
- Providing advice on Merger & Acquisition transactions, development, planning and construction of tourism projects, including methods of financing.



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