



EARNINGS RELEASE – Second Quarter 2014

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ERC Announces Consolidated Results for Second Quarter 2014

Key developments in 2Q 2014 include the ongoing success of our strategy to position Sahl Hasheesh as fastest growing destination on the Red Sea coast; optimistic investors expanding their projects.

Second Quarter Financial and Operational Highlights

- Net revenues of EGP 44.4 million in 2Q 2014 compared to EGP 12.8 million in 2Q 2013; services revenues are up 5.8% Y-o-Y.
- Gross profit of EGP 4.1 million in 2Q 2014 against a gross loss of EGP 1.6 million in the same period of 2013.
- Operating loss of EGP 7.3 million compared to an operating profit of EGP 424,000 in 2Q 2013.
- Loss before tax of EGP 5.8 million compared with a net profit before tax of EGP 1.9 million in 2Q 2013.
- Net loss of EGP 9.1 million compared with a net profit of EGP 1.3 million in 2Q 2013.

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, announced today its consolidated results for the second quarter of 2014, reporting revenues of EGP 44.4 million compared with revenues of EGP 12.8 million in 2Q 2013. The company reported a net loss of EGP 9.1 million in the quarter, compared to a net profit of EGP 1.3 million in the same period of last year.

Revenues from land sales include a previously sold plot where the contract was annulled and sold to an existing developer, in addition to a land plot sold to another existing hospitality investor who is expanding his project.

General and administrative expenses narrowed 47.5% Y-o-Y to EGP 6.0 million in 2Q 2014, while selling and marketing expenses closed the quarter at EGP 3.3 million. The company's balance sheet remained liquid at the close of the second quarter, with cash of EGP 85.4 million.

Commenting on the company's 2Q 2014 results and the outlook for the remainder of the year, Chief Executive Officer Mohamed Kamel said:

Overall, we are pleased with our results at the close of the second quarter of 2014 with respect to the quarter's changing market conditions. Revenues are improving. We are successfully positioning ourselves as the hottest destination on the Red Sea as evidenced by this summer's success and we are seeing existing developers increase their investments in the community. All of this suggests that as the domestic economy continues to stabilize and international travel warnings regarding Egypt are lifted, Sahl Hasheesh will continue to grow its market share of holidaymakers, both Egyptian and international.

The Red Sea region has become the main driver of tourist arrivals to the country, and is the first region to see signs of recovery from the turbulent market conditions of the past three years. The Red Sea will continue to grow while hospitality and real estate investors realize high return on investment.

I am particularly gratified that within the Red Sea region, Sahl Hasheesh is the leader in occupancy growth. Indeed, Sahl Hasheesh has become such a popular destination that hotel occupancy levels in our community have averaged above 70% throughout 2014. We consider these levels to be truly excellent and we attribute them to the quality of our offering and our successful marketing investments since 2013.

Looking ahead, we see the domestic security and economic environments continuing to normalize — and domestic tourism likewise continuing to grow. In this environment, we will continue to see Sahl Hasheesh as the fastest growing destination on the Red Sea capturing the biggest share of the trending market growth.

1. Expiration of MoU

In May 2014, ERC announced the signing of a Memorandum of Understanding (MoU) with Orascom Hotels and Development (ODH) to acquire from Orascom majority stakes in 3-4 hotels and a significant bank of undeveloped land located adjacent to Sahl Hasheesh. On 24 August 2014, this MoU expired as both parties did not reach a mutual agreement on the final terms of the deal.

2. Developer Expands Project

In a sign of ongoing optimism about the future of Sahl Hasheesh in particular and Egypt in general, one of our developers has purchased a plot of land adjacent to his existing project. We believe this follow-on investment by existing sub-developers also reflects positively on ERC's proven commitment to managing Sahl Hasheesh for the long-term despite the challenges our industry has seen since the January 2011.

3. Jamaran Villa Zone

ERC executed a commercial plan to develop the Jamaran project with excellent progress. Demand on units in Sahl Hasheesh is solid and we expect to show the results over the coming quarters.

4. Legal Update

In the matter of the case brought before the State Council regarding annulment of the Sahl Hasheesh contract: The case is now before the Commissioners' Committee at the State Council, to which our legal counsel have filed a defense brief drawing the committee members' attention to Law 32 of 2014, which regulates third-party complaints regarding contracts entered into by the Government of Egypt.

As for our proactive suit filed against the Tourism Development Authority regarding the withdrawal of Phase 3 land, the court has requested from the Commissioners' Committee at the State Council its opinion on matters of law. Our legal counsel have objected to the involvement of Pyramisa Company, which it believes has no standing under Law 32 of 2014. The next hearing in the case has accordingly been re-scheduled by the court to 19 January 2015 to allow TDA to submit documentation.

5. Strategic Priorities for 2014

We will continue to position ourselves to best capitalize on the brewing upswing in the tourism industry.

Mohamed Kamel

Chief Executive Officer

About ERC

Egyptian Resorts Company S.A.E. (EGX: EGTS.CA) is a master developer of international standard resort communities on a fully-integrated management basis. The company is incorporated in Egypt and headquartered in Cairo. Egyptian Resorts Company acquires broad acre land holdings suitable for premium mega resort development at nominal value. The company then creates a master plan in partnership with global architectural and urban planning firms, builds state-of-the-art infrastructure, implements design guidelines and community management rules and regulations, then on-sells individual pre-designated plots to sub-developers and investors whose primary businesses are hotel ownership, operation and management, as well as luxury resort and residential real estate development. ERC is developing multiple recurring revenue streams that include the supply of utilities (water, electricity, communications) through its project partners, as well as community management and maintenance fees and revenues generated by Sahl Hasheesh Company.

Capital Structure

Authorized Capital EGP 2,000,000,000
Issued and Paid-In Capital EGP 1,050,000,000 (1,050,000,000 shares @ EGP 1.00 / share)
Shareholder Structure

KATO Investment	11.96%
First Arabian Company	10.00%
Rowad Tourism Company	9.00%
Al Ahly Capital Holding	8.99%
Misr Insurance	8.05%
Misr for Life Insurance	6.95%
Orascom Development Holding	4.50%
Other long-term investors	7.64%
Free Float	32.91%

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