



EARNINGS RELEASE – First Quarter 2015

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ERC Announces Consolidated Results for First Quarter 2015

Key developments in 1Q 2015 include increase in activities and services revenues; positive outlook on land sales

First Quarter Financial and Operational Highlights

- Revenues of EGP 29.4 million; up from EGP 8.1 million.
- Gross Profit of EGP 7.8 million in 1Q 2015 against a Gross Loss of EGP 5.5 million in 1Q 2014.
- Operating Loss of EGP 2.6 million compared to an Operating Loss of EGP 15.5 million in 1Q 2014.
- Net Loss of EGP 3.2 million compared with a Net Loss of EGP 12.2 million in 1Q 2014.

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, announced today its consolidated results for the first quarter of 2015, reporting revenues of EGP 29.4 million, EGP 8.9 million of which were services revenues (up 20.2% y-o-y). Meanwhile, activities revenues during the quarter surged to EGP 20.5 million compared to EGP 699,000 in the same period of 2014 on the back of recognized land revenues. The company reported a net loss of EGP 3.2 million in the quarter, compared to a net loss of EGP 12.2 million in the same period of last year.

General and administrative expenses decreased 15% year-on-year to EGP 6.4 million reflecting better management of expenses, while selling and marketing expenses closed the quarter at EGP 3.18 million, up 108% y-o-y. The company's balance sheet remained liquid at the close of the first quarter, with cash of EGP 90.6 million.

The ongoing recovery of the hospitality sector helped collections improve to EGP 6.4 million in the quarter, up from EGP 0.6 million in 1Q 2014. In addition, cash receipts from facility management and services almost doubled year-on-year from EGP 5.2 million in 1Q 2014 to EGP 9.2 million in 1Q 2015.

Commenting on the Company's 1Q 2015 results and the outlook for the remainder of the year, Chief Executive Officer Mohamed Kamel said:

With every passing week, I am increasingly confident that 2015 will mark a turning point in the recovery of our industry. Barring external shocks, this sets ERC on track to reap what we have sown since 2011: Our drive to improve efficiency and control costs has seen us emerge from the post-Revolution years a leaner, more efficient organization; our unconventional, yet effective, marketing strategy to position Sahl Hasheesh as "The Place to Be" has seen our sub-developers' hotel properties exceed average occupancy rates nationally and on the Red Sea; and our dedication to establishing sound infrastructure and stringent quality standards in the community has seen our ability to command a premium on our properties remain steady.

Perhaps the news with the most potential to boost performance in the coming period is the approval by the Tourism Development Authority to redefine our Phase 2 boundaries, which has been the sole remaining obstacle to our

launch of the Sawari marina project. Accordingly, we expect to launch Sawari in the coming months and are now restocking our project pipeline. We, and our development and management partner, Orascom Development and Management, anticipate making an announcement in the near term regarding the timing of pre-launch sales and the full opening of its sales window for Sawari.

On the progress of Sahl Hasheesh overall, land sales are improving. We are now receiving, rather than soliciting, requests to discuss land purchases from current and potential sub-developers. We are also pleased to note that six land plots have been sold to build two international schools, a university and additional residences, which will, along with Tawaya and Sawari, form the building blocks of a well-heeled Egyptian community. The sell-out of our Jamaran development in the final quarter of last year underscores strong domestic consumer appetite for Sahl Hasheesh. Our Tawaya apartments development with Palm Hills Developments now has a national sales profile, with strong early sales.

The tourism industry, meanwhile, is likewise poised for a revival, and projections for the industry in 2015 are for growth. The industry is showing signs of being on the right track, with around 2.2 million tourists in the first quarter of this year, up 10.6% compared with 1Q 2014. The Tourism Ministry's target of 20% growth to c.12 million visitors could well be on track if the 20% year-on-year rise recorded in April holds. As has been the case for some time, the Red Sea region is seeing stronger occupancy rates, with 65% on average in Q1 2015; Sahl Hasheesh is performing even better, with average occupancy around 75% in the period. The industry is essentially benefitting from the steady investments made by forward-thinking companies, including ERC, in building up capacity and infrastructure.

In more numerical detail:

1. Land Plot Sales

Starting from the second half of 2014, ERC has been experiencing increased interest from developers which reflects rising confidence in the tourism sector in general and in Sahl Hasheesh as a growing destination. That interest continued in 1Q 2015 and ERC recorded the sale of two land plots with a total value of USD 2.6 million and weighted average selling price per square meter of USD 424.

Looking ahead, total additional contracted land plot sales expected to be recognized within 2015 have reached USD 27.9 million. This is the first time in years that we have seen such strong demand for land plot sales and with a weighted average sales price of USD 123 per square meter of non-beach front land. We expect demand to continue to be strong as several other land plots are under negotiation.

2. Jamaran

The project was sold out by the end of 2014. The project sets the company on course to realize c. EGP 100 million in revenues over the coming three years.

3. Sawari

The Tourism Development Authority granted approval in the second quarter allowing the company to redefine the boundaries of Sahl Hasheesh's Phase 2. The approval leaves unchanged ERC's Phase 2 allocation of 6 million sqm, but authorizes a 391,000 sqm swap that will allow ERC and Orascom to begin work on Phase 1 of Sawari (1.1 million sqm). Phase 1 of the exclusive community will center around a world-class yacht club and marina with room for more than 330 boats and yachts of up to 60 meters in length or more and will include two 5-star hotels and one 4-star property around the marina basin. This phase will also include more than 1,000 villas and apartments along the

marina basin and lagoon, as well as an extensive pedestrian promenade featuring more than two kilometers of boutique shopping, fine dining and cafés as well as nightlife and entertainment venues.

4. Tawaya

In the first quarter of 2015, ERC announced that its subsidiary, SHC, will co-launch a residential project in the Old Town together with Palm Hills Developments. The project, named Tawaya, will include 143 beach-front apartments on a total built-up area of c.16,000 square meters. The project is fully constructed, and interior finishing will be completed over the coming 12-18 months. Sales commenced in April with a promising market response. Unit reservations have reached c.EGP 50 million. Tawaya is expected to build the nucleus of an affluent Egyptian community in Sahl Hasheesh, boosting the destination's attractiveness to domestic tourists.

5. 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.

Meanwhile, regarding our proactive lawsuit filed against the Tourism Development Authority for cancelling its withdrawal of Phase 3 land, the court has requested from the Commissioners' Committee at the State Council its legal opinion on the dispute. Our legal counsel has objected to the involvement of Pyramisa Company, which we believe has no standing under Law 32 of 2014. The case is now before the Commissioners Committee for the report.

6. Strategic Priorities for the remainder of 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 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, and the launch of its new pearl, Sawari.

ERC's marketing strategy continues to deliver results as part of a concerted effort by the company to better its position and market share, boost sales and maximize occupancy rates at the resort community. A key component of this strategy is an increasing focus on domestic tourists to build-up a loyal and regular following among this key sector demographic.

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	9.05%
Al Ahly Capital Holding	9.00%
Misr Insurance	8.05%
Misr for Life Insurance	6.96%
Orascom Development Holding	4.50%
Others	40.48%

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