

About Egyptian Resorts Company

Egyptian Resorts Company S.A.E. (CASE: EGTS.CA) is Egypt's leading master developer and exclusive community manager of fully integrated world-class resort cities and urban developments.

The Cairo-based Egyptian Resorts Company (ERC) acquires broad-acre land holdings suitable for high-quality development at nominal value, creates a master plan with some of the world's leading architectural and urban planning firms, builds state-of-the-art infrastructure, implements design guidelines and community management rules and regulations and then on-sells individual pre-designated plots to sub-developers and investors. The sub-developers then build, operate and manage the hotels and residential real estate developments within the resort.

ERC maintains a healthy income statement and balance sheet. The company generates revenue throughout the lifecycle of its developments. From plot sales to land development and the supply of utilities and services, ERC's business model generates sustained long-term cash flows.

The ERC Value Proposition

For Investors and Sub-Developers:

- **Controlled Supply** – Large – yet strategically released – land phases deployed based on development and ROI protection. Land supply around Hurghada is eroding quickly, while future sites at Sahl Hasheesh are easily brought online on short timelines, allowing profit protection.
- **Superior Infrastructure** – “Plug-and-Play” – Infrastructure up to site limits. *Portable Water* – Desalination plants deliver all water needs. *Water Treatment* – Tertiary treatment generating drinkable water as well as large storage capacity. *Communications* – Fiber optic telecommunication network and subnetworks delivering high speed internet, VOIP and IPTV including Video on Demand (VOD). *Electricity* – Licensed distributor with substations ensuring capacity secured well in advance of requirements.
- **One-Stop-Shop** – Investors and developers deal only with ERC, while ERC takes on all bureaucratic tasks including licensing, approvals, building permits and land registration.

For Tourists and Residents:

World-class community management in an upscale resort

- **Architectural integrity and cohesion** guaranteed by strict design guidelines coupled with innovative design concepts promise an ideal physical environment.
- **Community management control and regulations** ensure an uncommonly high level of environmental amenity and management services.
- **Maintenance and upkeep** ensure a continuously functional and clean-operating and service-focused environment.
- **Full services and amenities** blend the convenience and opportunities of a year-round municipality with the climate, lifestyle and attitude of a resort destination.

ERC at a Glance

Exchange	EGX
Reuters Code	EGTS.CA
Price*	EGP 0.98
Shares Outstanding	1,029,000,000
Market Cap*	EGP 882,000,000
Fiscal Year End	Dec. 31
Subsidiaries	Sahl Hasheesh Co. (SHC) – 78.4%

* As at 31 March, 2016

Investment Highlights

- Sahl Hasheesh, ERC's flagship community development, is a 32 million sqm mega resort and urban community on the Red Sea.
- ERC has a unique business model with multiple recurring revenue streams from the reticulation of utilities and community management fees.
- ERC has a unique value proposition for sub-developers and residents with its prime land bank and strong management team.
- Work on Phase I of the Sawari Marina project is expected to commence in 2016, in partnership with Orascom Development and Holding, after the ERC received the required regulatory approvals that had been impeding the process. Sawari is soon to be the Red Sea's premier marina and the crown jewel of Sahl Hasheesh. Reservations are expected to start in 2016.
- ERC did not realize land-sale revenue in 1Q 2016, but is expecting to do so in the coming quarters. 2015 had seen sub-developers appetite for land grow exponentially, realizing USD 71.9 million from contracted sales at an average weighted selling price of USD 120 / sqm.
- ERC is now back on the EGX 30, awarding the company greater exposure to local, regional, and international investors, on both the retail and institutional levels.

ERC's Recent News

- The market responded strongly to the launch of sales at Tawaya, a project made up of 147 beachfront apartments developed by ERC subsidiary SHC, in partnership with Palm Hills Developments, with over 24% of units booked.
- ERC organized a number of activities this quarter to boost outreach, from CSR events to sport tournaments and beach parties, including Sahl Hasheesh's first ever fishing tournament and a second showjumping event hosting more than 2,000 guests and covered by local and international press.
- Egypt's ongoing economic recovery drove cash collections and receipts from sub-developers and retail buyers up to EGP 8.1 mn in 1Q16 vs. EGP 6.4 mn in 1Q15. Cash receipts from community management and services declined by 53% y-o-y to EGP 4.8 mn from EGP 10.3 mn last year due to the slowdown in the tourism sector.

Industry Highlights

- The number of tourists arriving to Egypt declined by 46% y-o-y to 0.7 mn in 1Q16.
- The Red Sea region has the highest occupancy rates in Egypt, accounting for more than half of total tourist arrivals into the country.
- The Red Sea also boasts a capacity of c.69,000 hotel rooms, which is more than 31% of Egypt's total hotel capacity of 225,000 rooms.
- Occupancy rates at Sahl Hasheesh remain higher than the average in the whole of Egypt.
- Government spending on infrastructure projects such as the USD 335 million expansion of Hurghada International Airport, as well as investments made by forward-looking companies such as ERC to build-up capacity and infrastructure in the area drive the higher-than-norm occupancy rates on the Red Sea coast.
- Recently, the Egyptian government has bolstered security at airports across the country to reinforce Egypt's image as a safe place to visit, after the Russian plane crash in November 2015 took a severe toll on tourism figures that had gradually improved over 2014 and 2015.

Our Current Market

As with past declines in overall tourist arrivals, the Red Sea coast has been less affected, and management anticipates it will return to strong growth rates sooner than the rest of the sector. European and Russian tourists are expected to resume flying directly to Hurghada and Sharm El-Sheikh for relaxing beach vacations, bypassing the hectic and potentially turbulent urban areas. These tourists are more likely than others to return home with positive reviews of Egypt, driving increased visits.

Domestic tourists are likewise drawn to the tranquility and beauty of the Red Sea coast, while an uncertain economy has encouraged Egyptians to explore the vacation possibilities offered by their own country, helping drive domestic tourism upwards, especially as more attention is diverted towards the sector.

Land Bank Highlights

Sahl Hasheesh Bay

- A 32 million sqm international resort and urban community (roughly two-thirds the size of Manhattan).
- Located 18 km from Hurghada International Airport – one of Egypt's most important tourist gateways.
- 12.5 km of beach front (four times the length of Namaa Bay in Sharm El-Sheikh).
- The entire development enjoys sea views with gentle slopes and varying elevations that go up to 120 meters above sea level – almost 40 stories high.

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Senior Management

Wael El-Hatow, CEO

Penn State MBA, ex-Chief Investment Officer/Executive Director at Ahly Capital for 7 years, 10 years at HC Securities & Investment

Hassan Azab, GM — Sahl Hasheesh Company for Touristic Investments

More than 30 years of resort development experience

Nasser Aboulela, VP — Planning & Development

25 years in public and private urban planning

Mohamed Saad, GM — Community Management

25 years of management experience including as general manager with El Sewedy Electric Group

Abu-Bakr Makhlof, Director — Commercial

14 years of managerial and entrepreneurial experience

Hazem Kassem, Director — Approvals and Compliance

13 years of architecture and interior design experience

Osama Shendy, Director — Human Resources

More than 20 years of experience in organizational development, HR management and quality management systems.

Sherif Omar, Director — Planning and Design

Mr. Omar joined ERC in 2003 as Chief Mechanical Engineer. Prior to that he was a Project Manager at Arab Engineering Company.

Sub-developers



ERC Projects



Financial Highlights (Consolidated)

(EGP mn)	2010	2011	2012	2013	2014	2015	1Q16
Revenue	14.9	28.2	40.5	28.9	51.3	400.4	10.3
Gross Profit	(5.8)	(1.0)	(11.3)	(23.1)	(42.4)	241.9	(10.2)
EBT	(7.8)	(3.2)	(107.0)	(43.1)	(40.5)	216.6	7.0
Net Income	(9.4)	(7.4)	(110.0)	(47.7)	(41.4)	217.5	(1.4)
	2010	2011	2012	2013	2014	2015	1Q16
Cash & Treasury Bills	273.8	200.0	162.0	108.9	98.1	135.6	113.6
Receivables	331.9	384.2	336.2	329.8	342.0	619.5	699.7
Short-term Liabilities	238.6	260.0	271.2	236.3	271.6	463.3	503.5
Long-term Liabilities	208.1	216.4	226.9	252.4	260.6	273.5	310.1

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