



EARNINGS RELEASE – Third Quarter 2014

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ERC Announces Consolidated Results for Third Quarter 2014

Key developments in 3Q 2014 include a perceived uptick in consumer and investor confidence

Third Quarter Financial and Operational Highlights

- Services and Activities revenues of EGP 26.4 million were offset by an EGP 62.1 million reversal of a land sale contract, bringing net revenues down to negative EGP 35.7 million in 3Q 2014 compared to a gain of EGP 4.1 million in 3Q 2013.
- Gross loss of EGP 64 million in 3Q 2014 against a gross loss of EGP 7.7 million in the same period of 2013.
- Operating loss of EGP 24.2 million compared to an operating loss of EGP 14.7 million in 3Q 2013.
- Loss before tax of EGP 23.5 million compared with a net loss before tax of EGP 14.3 million in 3Q 2013.
- Net loss of EGP 23.6 million compared with a net loss of EGP 9.7 million in 3Q 2013.

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, announced its consolidated results for the third quarter of 2014, reporting negative net revenues of EGP 35.7 million as EGP 13.6 million in services revenues (up 49% y-o-y) and EGP 12.8 million in activities revenues (up 1475% y-o-y) were offset by the annulment of a land contract originally signed in 2008. The company accordingly reports a net loss of EGP 23.6 million in the quarter, compared to a net loss of EGP 9.7 million in the same period of last year.

General and administrative expenses rose 13% year-on-year to EGP 7 million on the back of increased costs, while selling and marketing expenses closed the quarter at EGP 1.4 million. The company's balance sheet remained liquid at the close of the third quarter, with cash of EGP 90.1 million.

Commenting on the Company's 3Q 2014 results and the outlook for the remainder of the year, Chief Executive Officer Mohamed Kamel said:

Overall, despite challenging market conditions witnessed throughout the tourism sector in the first nine months of 2014, ERC's results demonstrate the resilience of our strategy. The third quarter decline in revenues was expected because of the annulment of a land contract valued at EGP 62 million. However, ERC's revenues from sales and services went up during the same period. As a promising sign for our future developments, occupancy rates at Sahl Hasheesh remain high and in some cases higher than the norms around the Red Sea, and consumer and investor confidence seems to be returning to the Red Sea area.

Notably, although ERC's 3Q 2014 sales revenues were adversely affected the sale reversal due to a shaky payment commitment on the part of the buyer, this land will continue to be a part of the company's land bank and will prove

of greater value with the onset of a rebound in tourism. Services revenues, meanwhile, witnessed a 49% increase year-on-year, reaching EGP 13.6 million in 3Q14.

Diversification is serving us well, as our industry has been heavily impacted this year by challenges from the country's macro conditions (which are, thankfully, on the upswing) and travel warnings issued earlier in the year by a number of foreign countries. The result was a 13% year-on-year drop in the number of tourists to 6.3 million in the first eight months of 2014. Consequently, tourism sector revenues declined by 6%, recording USD 4.9 billion in revenues in the same period.

That said, we see a number of positive signs that point to the nation now being at a turning point, the most important of which is the overall improvement in the political and economic condition of the country. As confidence in Egypt's ongoing recovery grows, a number of countries, including Germany, have reversed their travel warnings and tourist arrivals began to rise in 3Q, with the number of tourists rising 77% y-o-y in the month of August to 997,705. Moreover, a number of key operators noted that they would be returning to Egypt in 2015. We expect to see this reflect positively on our performance going forward, as our aggressive marketing campaign helps us capture a substantial portion of improving demand.

ERC's commitment to position Sahl Hasheesh as the preeminent vacation destination in Egypt has seen selling and marketing expenses grow 504% year-on-year in 9M 2014 to reach EGP 6.2 million. These expenses have been allocated to a series of promotional activities such as our highly popular weekend festivals, which have led to increasing demand for Sahl Hasheesh as a premier tourist destination.

Wider economic conditions are expected to continue improving as well, due to the implementation of long called-for economic reforms which the government began implementing in earnest during the first half of 2014. These will likely boost investments as we move into 2015.

Looking ahead, we see the domestic security and economic environments continuing to normalize — and domestic tourism likewise continuing to grow. In this environment, we are confident that Sahl Hasheesh will remain the fastest growing destination on the Red Sea coast.

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 suit filed against the Tourism Development Authority for 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 has objected to the involvement of Pyramisa Company, which we believe has no standing under Law 32 of 2014. The next hearing in the case has accordingly been rescheduled by the court to 19 January 2015 to allow Pyramisa Company to submit documentation.

As it pertains to our other pending suit filed against the Tourism Development Authority regarding Phase 1 and Phase 2, Pyramisa representatives have filed paperwork for an order to compel ERC to provide documentation proving the completion of these phases. Our legal counsel has objected on the basis that the documentation filed by Pyramisa is not authentic and its legal argument is invalid under Law 32 of 2014. The next hearing in the case has accordingly

been rescheduled by the court to 1 January 2015 to allow Pyramisa Company to submit authentic documentation and to allow ERC to submit necessary documentation of executing basic infrastructure of Phase 1 and 2.

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 its subsidiary, 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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