



EARNINGS RELEASE – Full Year 2011

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ERC Announces Consolidated Results for Full Year 2011

Egypt's leading master developer reports signs of new sales momentum in the second half of 2011, sets 2012 focus on operational execution on sales and development fronts.

Full Year 2011 Financial and Operational Highlights

- Revenues of EGP 28.2 million, a 90.5% improvement year-on-year driven by EGP 10.8 million of recognized sales revenues from the Sawari Marina project
- Gross loss of EGP 1 million vs. a gross loss of EGP 5.9 million in FY10; gross profit margin of -3.5% vs. a gross profit margin of -39.9% the previous year
- Operating loss of EGP 30.5 million vs. EGP 34.8 million in FY10; operating margin of -108.2%
- Gross and Operating losses reflecting Sahl Hasheesh Company operating performance
- Loss before tax of EGP 3.2 million vs. EGP 7.6 million the previous year
- Net loss of EGP 7.4 million compared with EGP 9.1 million in FY10
- Earnings per share of negative EGP 0.0004 against negative EGP 0.003 in FY10
- Utilities revenues of EGP 16.9 million, a 7.0% increase year-on-year
- Interest income of EGP 22.9 million, a 24.5% improvement year-on-year

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, announced today its consolidated results for the full year 2011, reporting a net loss of EGP 7.4 million on revenues of EGP 28.2 million. Total revenues of EGP 28.2 million in FY11 (a 90.5% rise from the previous year) included EGP 10.8 million of recognized sales of residential units in its Sawari marina project and EGP 16.9 million in utilities revenues. Notably, utilities revenues rose 7.0% compared to FY10.

G&A expenses were largely constrained in FY11, closing the year at EGP 25.4 million despite the increased tempo of operational achievement in the year. Selling and marketing expenses, meanwhile, expanded 84.1% to a still-reasonable EGP 8.1 million on the back of the soft launch of the Sawari project in FY10 and on the related expansion of marketing efforts. The resultant net loss from operations of EGP 30.5 million in FY11 (down from EGP 34.8 million in FY10) was in part offset by interest income of EGP 22.9 million and foreign exchange gains of EGP 4.7 million, for a net loss before taxes of EGP 3.2 million in the year just ended against a comparable EGP 7.6 million in 2010.

ERC's balance sheet closed the year in a liquid position with cash of EGP 200 million (largely stable from EGP 208 million in 3Q2011), while total receivables climbed EGP 11 million quarter-on-quarter to EGP 384 million.

Commenting on the Company's FY11 results, Chief Executive Officer Mohamed Kamel said:

The Egyptian economy suffered tremendously in FY11. Foreign direct investment plummeted 40% to c.USD 4 billion from USD 6.8 billion the previous year, against a pre-revolution target of USD 10 billion for calendar year 2011. GDP growth slipped to 1.8% for the full year, down from 6-7% pre-revolution levels. Unemployment has risen to 12.4% up from an official rate of 8.9% before the revolution. Foreign currency reserves plunged from USD 37 billion to a shockingly low USD 18 billion in December 2011. This is a direct reflection of the performance of key hard-currency-earning industries, most notably tourism.

However, we do maintain an optimistic view that, following the mid-year presidential elections and the appointment of a fully functional, full-time government, a substantial improvement in key macro and microeconomic indicators will be immediately seen. In addition, we anticipate better visibility and an uptick in business and investor sentiment toward year's end.

Our industry was amongst those hardest hit by the impact of the revolution. Tourist arrivals in FY11 fell to 9.8 million, a 33.3% decline from 14.7 million the year before. Total tourist nights dropped 19% to 114 million, while total tourist-sector revenues fell 30% to USD 8.8 billion from USD 12.5 billion in 2010.

It has recently been forecasted that 11.3 million tourists will visit Egypt in 2012, signaling expectations of a broad-based recovery that will gain new momentum in the second half following the appointment of a newly-elected president. On this basis, I expect to see a gradual recovery of demand for second homes beginning very late this year or early in 2013.

Against such a mixed background, thanks to a proactive board, I am pleased to report that ERC still stands on solid ground, having posted reduced losses on the full year despite the absence of land sales and ongoing losses at Sahl Hasheesh Company. ERC still recorded notable progress on key operational and strategic goals in FY11.

In the year just ended, our emphasis on developing key Sahl Hasheesh assets has been resoundingly endorsed by our target market through sales of Sawari marina units. Our reinvigorated sales and marketing efforts have borne fruit, as underscored by a surge in occupancy rates at our sub-developers' hotel properties, signaling that Sahl Hasheesh is recovering at a rate that meets or exceeds that of the broader market. Our development pipeline for 2012 and beyond is taking shape. And our team, unlike that at many others in the industry, is not only intact, but added management depth in the course of 2011.

These accomplishments in one of the most challenging years our industry has ever faced leaves ERC in a very strong position to execute on its future plans, which are informed by a gradual shift in strategy and include an emphasis on (1) accelerating sales momentum at Sawari Marina and executing on its construction plans; (2) proprietary development of more strategic projects on a periodic basis, beginning in 2012 with the completion of the Villa Zone; (3) attracting a developer for the Nikki Beach and Resorts' 100-unit boutique hotel project; (4) investment in infrastructure; (6) aiding the attraction of new tenants to the Old Town; and (7) further containment of costs to preserve cash across the organization throughout a period of stagnating industry investment and economic growth.

Broader Strategy

With the full support of the Board of Directors, ERC's strategy in 2011 evolved to cope with changing market realities, including the new reality that large-scale land sales to sub-developers awaits not just the full recovery of the Egyptian tourism industry, but the restoration of political stability and the recovery of the wider economy.

Management's focus throughout 2011 was accordingly on an accelerated pace of operational achievement at Sahl Hasheesh, the highlights of which I outline below. Simultaneously, we treated the relatively successful prelaunch of Sawari Marina as an acid test of a fine-tuned business model that now foresees ERC playing a more active role in the development of strategic assets by partnering with leading national and international players rather than relying entirely on bulk sales of infrastructure-ready land plots.

2011 Strategic and Operational Achievements

1. Sawari Marina

The highlight of 2011 was the follow-through on the prelaunch of the Sawari marina in partnership with Orascom Development and Management, which translated into EGP 50 million+ in sales. In comparison to other second-home projects, consumer appetite for Sawari was encouraging, and we look forward to a further surge in sales momentum in the second half following the expected mid-year conclusion of the presidential elections. Sales through 1H12 are expected to be negligible.

ERC revenues for FY11 reflect recognition of a 20% unit land value from the total of EGP 50 million in contracted unit sales at Sawari marina.

2. Nikki Beach

ERC signed in 2011 a memorandum of understanding (MOU) with the leading global hotel and resort operator and manager Nikki Beach and Resorts to operate and manage a 100-room boutique hotel to be built at Sahl Hasheesh. Nikki Beach's willingness to do business, during such a difficult time, signals a leading international brand's confidence that Sahl Hasheesh holds strong, long-term profit-generating potential.

3. Sub-Developers

ERC sub-developers made similarly notable operational progress in 2011. Azzurra, a residential development, announced its grand opening of phase 1 in October and has begun handing over units. That same month, the Tropitel hotel held its soft opening and subsequently completed its grand opening in December 2011. Both developments are considered best-in-class amongst competitors in and around the Egyptian Red Sea.

4. Old Town

ERC delivered important progress at Old Town, Sahl Hasheesh's commercial hub, with 42 rented shops out of which 24 are operational as of March 2012. Sahl Hasheesh Company is following the detailed retail plan prepared by Jones Lang LaSalle for tenant mix and pricing leading to a varied and diverse base to meet the interests and needs of the community's residents and visitors.

5. Infrastructure Development

ERC has managed to expand Sahl Hasheesh's infrastructure in 2011 on multiple fronts. Electricity capacity more than doubled from 8 MVA to 20 MVA. A 144-core multi-function optic fiber backbone measuring 15+ kilometers in

length was installed. A final approval from the armed forces to utilize the existing pier as a mini marina for yachts was granted to ERC with pier yacht operations to begin in 2Q2012.

6. Market Recovery and Marketing Strategy

Management believes that the recovery of tourist demand at Sahl Hasheesh matches or exceeds the recovery of the broader market. Hotels at Sahl Hasheesh reported a very respectable 75% average occupancy rate in the fourth quarter compared to a 55% average occupancy rate in 3Q2011.

Improving occupancy rates have been bolstered by the promotional efforts of our sub-developers as well as the targeted marketing campaign launched by ERC in 2H2011. Our campaign has recently included distinguished print advertisements, a reinvigorated digital presence, last fall's well-received Sahl Hasheesh / Sawari Marina party and the recent launch of Sahl Hasheesh magazine which brings news, construction updates, and information about upcoming events at Sahl Hasheesh to a wide range of potential consumers.

Legal Updates

I note that the next court session in the case filed to annul the Sahl Hasheesh contract is 5 April 2012.

At the same time, ERC is waiting for a panel of experts to submit their report to the court in our proactive suit regarding the withdrawal of Phase 3 land. In the interim, we are preparing to simultaneously escalate the case to the cabinets' dispute resolution committee.

2012 Priorities

Strategic

- Proactive cash conservation in all company and management decisions and actions until longer-term visibility is restored.
- Finalizing development approvals for Sawari with initial dredging and construction works on the marina basin targeted for 3Q2012.
- Execution of a new Villa Zone business plan in 2012, in line with our strategy to expand proprietary development of strategic projects. The Villa Zone project, named Jamaran, is focused on the development of an exclusive luxury villa community.
- Extensively resume promoting Sahl Hasheesh to credible sub-developers, following the expected improvement in business and investor sentiment toward year's end.

Operational

- Investment in only the most critical of infrastructure requirements focusing mainly on telecommunications, initial dredging works on the marina, necessary roads, sewer and landscape networks.

Other

- Aiding Sahl Hasheesh Co. in its bid to attract tenants to Old Town.
- Select internal administrative and organizational development.

Mohamed Kamel

Chief Executive Officer

An Important Note:

Management encourages investors not to analyze Egyptian Resorts Company by scrutinizing quarterly sales figures as they would manufacturing or other real estate firms. ERC is a master developer of mega resort communities and unlike other developers, focuses on the macro development infrastructure and land plot sales. The timing of land sales (which tend to be large, strategic plots) to value-adding developers is a function of market conditions and management / board strategy at any given moment. ERC targets a healthy pace of land release from its bank so as to preserve both ERC valuations and the returns on investments of our sub-developers. A more traditional quarter-by-quarter analysis will be appropriate only for the analysis of recurring revenue streams as these mature in the years ahead.

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 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, and 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%
Rowad Tourism Company	10.00%
First Arabian Company	10.00%
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	31.91%

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