



EARNINGS RELEASE – Second Quarter 2016

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ERC Announces Consolidated Results for the second quarter of 2016

The second quarter of 2016 saw Wael El Hatow step-up to assume his role as ERC's new Chief Executive Officer, while the company ramped-up marketing efforts and continued to prepare for the imminent launch of the mega-project Sawari Marina.

Second Quarter Financial and Operational Highlights

- Net revenues in 2Q 2016 reached EGP 5.9 million compared to EGP 270.1 million in 2Q 2015.
- Gross loss for the quarter reached EGP 17.9 million, down from a profit of EGP 186.1 million in 2Q 2015.
- Operating losses reached EGP 46.4 million vs. an operating profit of EGP 190.9 million in 2Q 2015.
- Net loss for the period came in at EGP 35.4 million, compared to a profit of EGP 184 million in 2Q 2015.

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, announced today its consolidated results for the second quarter and first half of the year 2016, posting a net loss after tax of EGP 35.4 million on revenues of EGP 5.9 million in 2Q 2016.

The drop in revenues in 2Q 2016 came largely on the back of lower land plot sales, as well as a severe slowdown in Egypt's tourism industry. Last year, ERC had achieved record-high revenues from unprecedented land sales to sub-developers who are expected to bring key projects to the Sahl Hasheesh community, such as international schools, a university, a hostel, a theme and aqua park, and new residential developments.

General and administrative expenses in 2Q 2016 rose to EGP 20 million, while selling and marketing expenses came in at EGP 17.1 million. The rise in marketing expenses was mainly owing to the company's increased and ongoing promotional activities, which included a wide-reaching marketing campaign that was featured on billboards, talk shows, satellite channels, and social media platforms. The company's balance sheet remained liquid at the end of 1H 2016, with a cash balance of EGP 106.2 million.

Meanwhile, cash collections from sub-developers and retail buyers came in at EGP 27.4 million, 74% lower y-o-y, mainly due to decreased collections from sub-developers. Cash receipts from community management and services were also down by 39% y-o-y over the first half, coming in at EGP 12.5 million.

Management comments on the Company's second quarter results and the outlook for the second half of the year:

2Q 2016 witnessed the announcement of change in ERC's leadership, after Mr. Mohamed Kamel stepped down from his role as Chief Executive Officer and handed the torch over to longtime board member Mr. Wael El Hatow, who assumed his responsibilities in June 2016.

With the company in a transitional phase and the tourism industry in Egypt on a downward trend, the second quarter and first half of 2016 proved to be a particularly challenging period for both ERC and the Egyptian economy as a whole. While occupancy rates on the Red Sea coast remained ahead of the rest of the country – with Sahl Hasheesh in particular outpacing Hurgada and other cities in its close vicinity – the effects of the Sharm El Sheikh Russian airliner incident in the final months of 2015 continued to impact the national tourism industry and hospitality sector. Official statistics showed tourist arrival figures dropping considerably from their levels in 1H 2015 – when the industry was just beginning to see the first signs of recovery after years of sustained weakness. A number of countries also still maintain warnings advising their citizens against travel to Egypt.

These challenges, however, are no novelty. Over the last several years, Egypt's recurring political and economic troubles presented us with numerous obstacles that we never failed to tackle and overcome. In the same way we did in the years following the Egyptian uprising of 2011, we still hold firm to our long-term view on growth and will continue to vigorously invest in the development and promotion of our business to ensure we are correctly positioned to capitalize on the eventual market recovery. In 1H 2016, the company remained on track with work on preparations to launch the Sawari Marina project, and continued to place emphasis on marketing Sahl Hasheesh as the hottest destination on Egypt's Red Sea coast with a series of events and activities meant to attract both domestic vacationers and international visitors alike.

1. Events & Activities

The second quarter of 2016 saw ERC navigate an extensive agenda of events meant to place Sahl Hasheesh on the map and highlight its host of desirable qualities, which include a strategic location on one of Egypt's most beautiful bays, pristine beaches with clear blue waters, warm weather all-year round, and a range of exciting activities and services.

In April, Sahl Hasheesh was home to the final installment of the Miss Eco Universe beauty pageant, which featured a recycled-materials fashion show and physical strength and fitness contests, among other activities meant to shed light on matters of environmental awareness. April also saw ERC help organize its second showjumping event and the Red Sea's first ever international equestrian competition, a five-day contest that hosted more than 2,000 guests and around 265 horses and 230 riders, of which 27 came from 20 different countries. The event also received coverage from local and international press, placing Sahl Hasheesh in the spotlight and further aiding the company's outreach efforts.

As part of ERC's efforts to give back to the Egyptian community, the company organized and hosted its annual Orphans Day event in Sahl Hasheesh in April. 38 children spent a day on Sahl Hasheesh's stunning beaches, where they participated in various activities that included a site tour on an electric shuttle bus and a submarine ride.

Additionally, ERC organized its first ever children's camp, Muricata Kids Camp, during Easter weekend. Children of Sahl Hasheesh's residents and guests were invited to join various exciting outdoor challenges and participate in a two-kilometer marathon. The resort town also welcomed Cairo's Trifactory team, who set-up their training camp at Sahl Hasheesh to prepare for their upcoming Iron Man Triathlon. The international franchise Ninja Warrior also

chose to hold their newest launch event at Sahl Hasheesh, and in May, Sahl Hasheesh hosted the two-day launch event for the franchise's upcoming Arabic edition of Ninja Warrior. The launch featured a press conference, a live course demonstration, and a gala dinner with a live performance by Arab superstar Nancy Ajram, which saw many celebrities in attendance. Additionally, ERC once again partnered with Blurr Entertainment to bring the 'For a Change' festival to life in Sahl Hasheesh, a weekend-long musical event that featured top local and international musical acts.

In the way of promoting both tourism and ERC, the company attended and sponsored the annual Arabian Hotel Investment Conference (AHIC) in Dubai, one of the region's most prestigious investment conferences, in order to present Sahl Hasheesh to potential investors, developers, and operators. ERC also launched its new 360° marketing campaign in April 2016, Change, which aims to highlight how a life in Sahl Hasheesh can fulfill different individual desires to change certain aspects of one's life. (<https://youtu.be/ovWY7EOUduc>)

2. Land Plot Sales

On the community development front, ERC has not realized revenue from contracted land plot sales in 2Q 2016. The company is expecting sub-developers' appetite for land to recover in the second half of the year.

3. Proprietary Projects

ERC pushed forward with efforts to obtain all necessary licenses from governmental entities to launch its mega-project, Sawari, in the second half of 2016. Last year, the company had cleared the final obstacle on the course to launching the Sawari marina project, after receiving approval from the Tourism Development Authority (TDA) to redefine the boundaries of Sahl Hasheesh's Phase 2 to include the entirety of Sawari's 1.1 million square meter initial phase. Sawari is being developed in partnership with Orascom Development and Management. Phase 1 will center around a world-class yacht club and marina with room for more than 330 boats and yachts up to 60 meters in length. The development will also house 5-star hotels and more than 1,000 residential units, in addition to boutiques and entertainment venues.

In the Old Town, ERC's Tawaya apartments — which are being finished and marketed in partnership with Palm Hills Development — have so-far seen very good demand from the market.

Looking Ahead

The Egyptian economy has a long way to go in the path to a full recovery. Tourism and hospitality in particular will face difficult times ahead until conditions begin to improve. In the meantime, we will continue to view things from a positive and hopeful angle and maintain lean and cost-efficient operations. In the remarkably difficult years that followed the events of 2011 in Egypt, the ERC team managed to prove, through dedication and hard work, how capable it was of facing and prevailing over any difficulty. Now, as ERC steps forward into the future, and with new management in place, the company will dedicate efforts to rolling out new strategies and goals that will render it better equipped to deal with the changing times and face new headwinds and economic realities.

In the meantime, on the operational front, our efforts will continue to be focused on maintaining Sahl Hasheesh's positioning as the Red Sea's leading destination, for holiday makers, developers, partners, residents, and investors. Our endeavors will remain centered around attracting local and international tourists through our events and promotional campaigns — especially as we prepare to launch the Sawari Marina project by 4Q 2016 or early 2017. On the financial level, we will continue taking steps to preserve our comfortable liquidity position and maintain the health of our balance sheet, concentrating our spending on proprietary needs and obligations.

ERC Management Team

Legal Update

A settlement agreement has been concluded between Egyptian Resorts Company (“ERC”) and Pyramisa Company including the termination of all mutual lawsuits. The settlement includes the termination of the lawsuit filed by Pyramisa for the annulment of Sahl Hasheesh contract, for which the hearing has been adjourned to 30/8/2016 to bind General Authority for Tourism Development (“TDA”) to submit the requested documents. The settlement includes also Pyramisa obligation to withdraw from the lawsuit filed by ERC for the annulment of TDA’s cancelation decree of third phase allocation of Sahl Hasheesh Touristic Center.

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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 and 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%

Investor Contact

Ayman Taha	Telephone	+202 2735 8427
Senior Manager - Investor Relations	Fax	+202 2735 2743
Egyptian Resorts Company	email	Ayman.Taha@erc-egypt.com

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