

## 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:

- **Supply and Demand** – While the supply of land around Hurghada is scarce, ERC is able to provide large, strategically released land phases, based on development timelines and ROI. Future sites are easily brought online within short timelines as infrastructure is already created protecting both ERC and sub-developer margins.
- **Superior Infrastructure** –  
*"Plug-and-Play"* – Infrastructure up to site limits.  
*Water* - Desalination plants deliver all water needs.  
*Water Treatment* – Tertiary treatment generating drinkable water.  
*Communications* – Black fiber network delivering VOIP, Internet and IPTV.  
*Electricity* – Future capacity secured well in advance of requirements.
- **Community Management** – Ernst Body Corporate designed the community administration procedures and community rules and regulations. ERC hired a team of professionals who currently manage and administer the community and its resources.
- **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

- **Design guidelines** ensure architectural integrity and cohesion.
- **Community management control and regulations** ensure superior levels of environmental safety and management services.
- **Maintenance and upkeep** ensure ongoing functionality and a clean service-focused environment.

## ERC at a Glance

(as of March 25, 2013)

Exchange:	EGX
Reuters Code:	EGTS.CA
Price:	EGP 1.98
Shares Outstanding:	1,050,000,000
Market Cap.:	EGP 2,079,000,000
Fiscal Year End:	Dec. 31
Subsidiaries:	Sahl Hasheesh Co. (SHC) – 78.4%

## Investment Highlights

- Sahl Hasheesh, ERC's flagship community development, is a 41 million square meter mega resort 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.
- Investors in Sawari Marina are waiting on final regulatory approval for the start of construction before fully committing. Sawari Marina at Sahl Hasheesh is soon to be the Red Sea's premier marina and the crown jewel of Sahl Hasheesh.
- ERC has garnered significant interest from target audiences in Egypt and abroad for units at new proprietary development Jamaran, an exclusive enclave of seaside villas along the coast of Sahl Hasheesh.
- 9.5 million tourists visited Egypt in 2013.

## ERC's Recent News

- ERC signed an exclusive transportation contract with Luchi Transportation Services to provide Tuk-Tuk (three-wheeler) transportation within Sahl Hasheesh. ERC also signed with Luchi a non-exclusive contract to provide car rentals and a bus service.
- ERC participated in ITB Berlin and Arabian Travel Market in Dubai in line with marketing efforts to distinguish Sahl Hasheesh as a new and independent destination on the Egyptian Red Sea.
- ERC concluded an agreement with Italian food and beverage investors Lu Lu to rent a section of the beach at Old Town and a restaurant overlooking it.
- ERC has been granted an electricity distribution license from the Egyptian Electric Utility and Consumer Protection Regulatory Authority.
- ERC has completed the installation and testing of a multi-function fiber-optic network to enable triple-play services at Sahl Hasheesh.

## Industry Highlights

- The number of tourists arriving to Egypt more than doubled from 6 million tourists in 2003 to 12.5 million tourists in 2009, reaching a high of 14.7 million in 2010.
- In 2013, 9.5 million tourists visited Egypt compared to a total of 11.5 million in 2012, a 17.4% decrease year-on-year, yet industry experts expect arrivals to pick up again in the second half of 2014.
- Hotel investments grew from EGP 2.2 billion in 2003 to EGP 5.6 billion in 2008.
- The Red Sea accounts for over 50% of total tourist arrivals into Egypt.
- Over the past few years, Egypt has accounted for roughly 25% of MENA tourist arrivals and 33% of African tourist arrivals.
- The tourism sector is the second-largest hard currency earner. 2012 revenues stood at USD 9.9 million, falling to USD 5.9 million in 2013 due to the political situation.
- Over the past few years, the tourism sector has represented ~40% of all service export receipts and has been the third largest contributor to GDP growth.

## Our Current Market

As with past declines in tourist arrivals, tourism to the Red Sea coast has been less affected than overall tourism, and management anticipates that it will pick up and return to strong growth rates sooner than the overall sector. European and Russian tourists continue to fly directly to Hurghada or Sharm El-Sheikh for a relaxing beach vacation, 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.

## Land Bank Highlights

### Sahl Hasheesh Bay

- A 41 million square meter international resort 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 (4 times the length of Namaa Bay in Sharm El Sheikh).
- The entire resort 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

### Mohamed Kamel, CEO

Harvard MBA, ex-Consultant with Bain & Company, 10 years multi-industry experience

### Hassan Azab, GM, Sahl Hasheesh Company for Touristic Investments

30 years of resort development experience

### Darren Gibson, Vice President — Planning & Development

20 years in public and private urban planning

### Mohamed Saad, General Manager — Community Management

16 years of management experience

### Abu-Bakr Makhlouf, Director — Commercial

11 years of managerial and entrepreneurial experience

### Osama Shendy, Director — Human Resources

19 years' experience in organizational development, HR management, and quality management systems.

### Wael Abou Alam, Director — Finance & Administration

14 years' experience at ExxonMobil; former Group Financial Controller for Gozour

## Sub-Developers Include:



## Financial Highlights (Consolidated)

(EGP mn)	2008	2009	2010	2011	2012	2013
Revenue	347.8	25.8	14.8	28.2	40.5	28.9
Gross Profit	324.0	12.1	(5.9)	(1.0)	(11.3)	(23.1)
EBT	345.9	3.9	(7.6)	(3.2)	(106.9)	(43.1)
Net Income	265.8	4.7	(9.1)	(7.4)	(110.0)	(47.7)
	2008	2009	2010	2011	2012	2013
Cash & Treasury Bills	371.2	309.2	273.8	200.0	162.0	109
Receivables	540.7	443.5	331.9	384.2	336.2	329.7
Short-term Liabilities	233.6	248.1	237.7	260.0	271.1	236.3
Long-term Liabilities	197.1	192.1	209.0	216.4	226.9	252.4

### Egyptian Resorts Company Headquarters

4A Aziz Abaza Street

Zamalek, Cairo

Egypt

Tel.: +202 2735 8427 / Fax: +202 2735 2743

### Investor Contact

Wael Abou Alam

Director — Finance

Email: wael.aboualam@erc-egypt.com