



EARNINGS RELEASE – First Quarter 2018

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ERC Announces Consolidated Results for the first quarter of 2018

ERC delivers stable results in the first quarter of 2018, with strong growth in service revenue despite - decreasing overall consolidated revenue - underlining management's focus on generating solid recurring revenue as a means to promote long-term sustainable value creation.

1Q-2018 Financial and Operational Highlights

- Net revenues in 1Q 2018 fell by 69% y-o-y to EGP 33.0 million compared to EGP 104.8 million recorded in 1Q 2017.
- Gross loss stood at EGP 8.0 million in 1Q 2018, compared to a gross profit of EGP 69.5 million in 1Q 2017.
- Operating loss reached EGP 18.4 million in 1Q 2018, versus an operating profit of EGP 54.2 million in 1Q 2017.
- Net Profit for the period recorded EGP 726.3 thousand in 1Q 2018 representing a net profit margin (NPM) of 2% against a net profit of EGP 52.6 million during 1Q 2017.

Egyptian Resorts Company (EGX: EGTS.CA), one of Egypt's leading master and real estate developers, announced today its consolidated results the first quarter of 2018, reporting consolidated revenues of EGP 33.0 million, down 69% y-o-y. The fall in revenue was primarily attributed to revenue from land and unit sales, which decreased by 82% y-o-y to EGP 16.2 million in 1Q 2018 compared to EGP 92.1 million in 1Q 2017. While land plot sales accounted for the majority of ERC's 1Q 2017 revenue, no land sales were recorded in 1Q 2018 and no proprietary project launches took place during the period. Revenue from services rendered grew by 33% y-o-y to EGP 16.8 million in 1Q 2018 versus EGP 12.7 million in 1Q 2017. General and administrative expenses fell by 12% y-o-y to EGP 9.3 million versus EGP 10.6 million 1Q 2018, while selling and marketing expenses came in at EGP 5.3 million, representing a y-o-y decrease of 58%. ERC's bottom-line came in at EGP 726.3 thousand, representing a NPM of 2% against a net profit EGP 52.6 million recorded in 1Q 2017.

Cash receipt from land and unit sales fell by 75% y-o-y to EGP 10.2 million in 1Q 2018, while cash receipts from community management services more than doubled to record EGP 13.6 million in 1Q 2018 from EGP 6.1 million in 1Q 2017, representing an exceptional 123% y-o-y increase on the back of significantly higher occupancy during the quarter. ERC's cash balance remained liquid at the end of the quarter, posting EGP 98.0 million as at 31 March 2018 in addition to EGP 43.3 million in long-term deposits. Total receivables stood at 1.4 billion by the end of the quarter.

Land Plot Sales

ERC did not realize any revenue from contracted land plot sales in 1Q 2018. However, several potential investors expressed interest and are negotiation with ERC potential land plot purchases.

Real Estate Projects

ERC recorded EGP 15.5 million in real estate projects revenues during 1Q 2018, with EGP 11.4 million generated by unit sales of Tawaya, ERC's exclusive waterfront apartment in Old Town promoted in Cooperation with Palm Hills, with c. 69% of its units sold, contracted or reserved to date. A number of promotional efforts of Old Town's commercial area bore fruit during the period, culminating in the signing of a number of new commercial leases.

Infrastructure Revenues

Utilities and services revenue came in at EGP 16.8 million in 1Q 2018, up 33% y-o-y and contributed 51% to total revenue for the period compared to 12% in 1Q 2017. Utilities and services rendered included power distribution (EGP 6.5 million), total water distribution (EGP 4.7 million), and community maintenance and other services (EGP 5.6 million).

Events & Activities

ERC continued with its promotional efforts to market Sahl Hasheesh as a sustainable, world class community which offers a diverse range of activities and hosts exciting events throughout the year against a backdrop of pristine sandy beaches and untouched landscape. Every weekend, the Bus Stop, which opened its doors in July 2017, brings to the Boardwalk two nights of live music with the likes of The Cadillacs, Crash Boom Bang and Bluezophrenia. In March 2018, we hosted Sahl Hasheesh 1st Hybrid Electric Car Challenge.

ERC has also launched a number of CSR initiatives as part of its commitment to give back to the communities where it does business. In cooperation with Injaz Misr, ERC provided the opportunity for its employees to participate in educational activities and to school students, including teaching courses - which was extended to more than 30 students to date - that work to nourish skills relevant to today's market needs.

Looking Ahead

ERC will continue to develop and launch its own strategic and flagship assets utilizing its financial resources, as well as directly invest in recurring income developments such as hotels, commercial and retail spaces. We will also continue to act as a master developer, extending our recently expanded prepackaged solutions to offer a diversified mix of residential, tourist and commercial real estate development services to prospective investors.

With a busy season ahead of us against a marked improvement in Egypt's tourism market over the last few quarters, ERC will intensify its marketing activity over the coming period, positioning Sahl Hasheesh as a world class community of resorts, housing and commercial hubs with the aim of capturing a solid share of the growth of tourism activity from both Egyptians and abroad. We will continue to create a familiar community for Egyptians who visit Sahl Hasheesh regularly in order to attract investment and drive up sales in second-home markets, with a focus on marketing our latest project Tawaya, which has already gained significant traction since its launch in 2015.

As an imperative component of Sahl Hasheesh, management believes that the optimal use of the commercial and residential space of Old Town, its flagship commercial district, will be an important source of diversified recurring revenue, as well as central to bringing together a burgeoning community of holiday-goers and residents alike. In light of this, ERC's management team has also dedicated significant bandwidth to push forward the development of the recurring income assets in the Old Town area of approximately 49,000 sqm and has developed an integrated plan to revitalize Old Town, including a comprehensive re-planning of the city to

identifying demand gaps and achieve the right commercial tenant mix that will support a thriving retail district that fits the needs of its surrounding community.

With a growing contribution of our recurring revenue streams to our consolidated top-line, ERC will continue to focus on diversifying its sources of recurring revenues through expanding its offerings across the real estate value chain to create sustainable, long-term growth. ERC is actively exploring investments in developments such as hotels, commercial and retail spaces, while enhancing its infrastructure assets and facility management divisions, both potentially major sources of long-term recurring revenue.

About ERC

Egyptian Resorts Company S.A.E. (EGX: EGTS.CA) is a real estate and master developer of international standard communities on a fully-integrated management basis. The company is incorporated in Egypt and headquartered in Cairo. 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 as

Red Sea Hotels Holding	20.96%
First Arabian Company	10.00%
Misr Insurance	8.05%
Rowad Tourism Company	5.72%
Misr for Life Insurance	6.96%
Others	48.31%

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