



EARNINGS RELEASE – Full Year 2014

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ERC Announces Consolidated Results for Full Year 2014

Key developments in 4Q 2014 include the ongoing revenue diversification strategy; increased revenues from land, units, services and utilities sales.

Full Year Financial and Operational Highlights

- Services and Activities revenues of EGP 113.6 million; Net revenues of EGP 51.3 million.
- Gross loss of EGP 39.9 million in 2014 against a gross loss of EGP 4.7 million in 2013.
- Operating loss of EGP 44.0 million compared to an operating loss of EGP 50.1 million in 2013.
- Net loss of EGP 37.5 million (after omitting minority interest) compared to a net loss of EGP 41.4 million in 2013.

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, announced today its consolidated results for 2014, reporting gross revenues of EGP 113.6 million as EGP 41.7 million in services revenues (up 29% y-o-y) and EGP 71.9 million in activities revenues (up 728% y-o-y). Net revenues came in at EGP 51.3 million as ERC terminated a land contract of a sub-developer in breach. The company reported a net loss of EGP 41.4 million in 2014, compared to a net loss of EGP 47.7 million in 2013.

General and administrative expenses decreased 12% year-on-year to EGP 28.0 million on the back of increased efficiency and cost control policies applied by ERC, while selling and marketing expenses closed the year at EGP 9.9 million. The company's balance sheet remained liquid at the close of the year, with cash of EGP 98.1 million.

Collections from sub-developers of EGP 60.1 million compared with EGP 3.6 million in 2013 showed noticeable improvement on the back of the recovering sector. In addition, cash receipts from facility management and services witnessed significant growth year-on-year from EGP 26.4 million in 2013 to EGP 41.0 million in 2014, up 55%, as new projects came online and collections performance improved.

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

In the second half of 2014, Egypt signaled few positive signs of turning the corner from the post-revolution transition years to economic growth and stability despite the weak indicators in the first half of the year. The tourism industry is believed to be poised for a revival, and projections for the industry in 2015 are for growth. This comes even as, overall, 2014 proved to be a challenging year for both the company and the wider tourism sector as a whole on hampered sales and tough conditions out of anyone's control, including rising costs, travel warnings in early 2014, unrest in Ukraine, one of Egypt's prime sources for tourists which also resulted in a sharp devaluation of the Russian Ruble by almost 50%. Russian tourism to Egypt shrank gradually as by the end of 2014, cancellation rate of

reservations from Russia reached 50% which badly harmed the sector as Russia has been and remains to be the leading source of tourists hailing from Europe.

Although overall indicators are still below the peak year of 2010, 2014 was the most profitable year for the sector since the 2011 revolution. Tourist arrivals grew by 4% reaching 9.9 million, and sector revenues for the year also grew 27% reaching USD 7.5 billion in 2014 as compared to USD 5.9 billion in 2013.

A number of encouraging signs stand out as indicators to a more profitable year to come. As far as macro conditions for the Egyptian tourism sector are concerned, positive signs of a more fruitful 2015 include increased investment in building up capacity as well as the pace of infrastructure development in the area. On a more company-focused basis, our optimism is encouraged by the successful sales of 100% of the villas at our Jamaran development in 2014, as well as the continued rise in occupation rates on the Red Sea coast, and specifically at Sahl Hasheesh. Occupancy rates at Sahl Hasheesh remain considerably higher than the norm around the country, exceeding 80% compared to around 65% in the Red Sea overall as of December 2014.

Boosting tourism to the Red Sea remains of a high priority for investors and the government alike. Significant investment in upgrading capacities and infrastructure have been undertaken by both the private and public sectors. Capacity in the Red Sea governorate stands at 69,000 hotel rooms, or 31% (nearly one-third) of Egypt's total hotel capacity of 225,000. Meanwhile, 2,966 rooms are currently being developed in Egypt and expected to become available in 2015, a rise of 3.7%. In Sahl Hasheesh alone, there are 7,000 hotel rooms under construction and expected to come online between 2015 and 2018. Furthermore, increased government spending on infrastructure projects such as the USD 335 million expansion of the Hurgada International Airport have helped boost the area's capacity to 75 million passengers annually.

These major improvements in 2014 have laid the bedrock for a renaissance in the once monumental Egyptian tourism sector. These improvements come as the domestic security and economic environments continue to normalize.

Finally, we are very encouraged by the Sharm El Sheikh Economic Summit and we are sure it shall serve as a major platform in making the case for Egypt as a vital strategic center for investment and growth in a variety of different industries, not least of which is the tourism industry. As such, we are confident that Sahl Hasheesh will remain the fastest-growing destination on the Red Sea coast.

1. Jamaran

Jamaran villas sold out in 2014, with final sales being made early in 4Q 2014. Jamaran is the company's first internally developed real estate project in the resort community. ERC started construction on the project. ERC views Jamaran as a promising new addition to Sahl Hasheesh, which it believes sets the company on course to realize c.EGP 100 million in revenues over the coming three years.

2. Land Plot Sales

The second half of 2014 witnessed increased interest from developers which reflects rising confidence in the tourism sector in general and in Sahl Hasheesh as a destination. That interest was mirrored in a number of land plot sales to new sub-developers and existing ones expanding their operating projects in Sahl Hasheesh. Weighted average selling prices for the year reached USD 109 per square meter.

In total, ERC contracted two non-seafront land plots worth c.USD 11.4 million, one of which at a selling price of USD 228 per square meter and the other at USD 450. Revenue from these contracts will be realized in 2015. The plots are located behind the Old Town with the view of adding density to the community's phase 1 downtown, which is on program to becoming the main attraction inside Sahl Hasheesh.

3.Sawari

ERC will focus on marketing the Sawari project upon receiving final approvals from the Tourism Development Authority expected within 2015, as the company anticipates that this project will be a leading generator of revenue in the coming years.

4. Tawaya

In early 2015, ERC announced that it will co-market Sahl Hasheesh Company's high-end residential units in the Old Town with Palm Hills Developments. The project, will include 143 beach-front apartments with sizes ranging from 60 to 294 square meters, with a total built-up area of 16,000 square meters. The project is fully constructed, and interior finishing will be completed over the coming 12-18 months. Pre-launch sales are already promising with full launch to coincide with the Easter holidays.

5. 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 lawsuit filed against the Tourism Development Authority for cancelling its withdrawal of Phase 3 land, the court has requested from the Commissioners' Committee at the State Council its legal opinion on the dispute. Our legal counsel has objected to the involvement of Pyramisa Company, which we believe has no standing under Law 32 of 2014. At the 19 January 2015 hearing, the Tourism Development Authority did submit required documentation, however the case was postponed until 20 April 2015 upon the request of Pyramisa Company to review the submitted documentation.

6. Strategic Priorities for 2015

Topping ERC's priorities for the coming year is to strike a balance between maximizing sales and liquidity in order to better shield the company from any unanticipated turbulence in the general macroeconomic and political climate and in the tourism sector. The company will focus on a small number of developers, while sparing no effort in ensuring the success of Tawaya, its joint project with Palm Hills Developments.

ERC also plans to revamp its marketing strategy for Sahl Hasheesh in a concerted effort by the company to better its already lofty position and tourism market share, boost sales and maximize occupancy rates at the resort community. A key component of this new strategy will be to increasingly target domestic and Egyptian tourists to build up a loyal and regular following among this key sector demographic; a strategy that ties in very well with the Tawaya project.

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 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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