



EARNINGS RELEASE – Full Year 2013

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ERC Announces Consolidated Results for Full Year 2013

Sahl Hasheesh has grown into a destination attracting affluent market segments locally and internationally, while political developments and the security situation took a predictable toll on the travel industry.

Full Year 2013 Financial and Operational Highlights

- Net revenues of EGP 28.9 million, a 22.2% decrease from EGP 37.1 million in FY 2012 due to sales return of EGP 12.2 million from Sawari project.
- Gross loss of EGP 23.1 million against a gross loss of EGP 16.2 million for the previous year.
- Operating loss of EGP 50.1 million compared with an operating loss of EGP 125.5 million in FY 2012.
- Net loss of EGP 47.7 million compared with EGP 110 million in FY 2012.
- Earnings per share of negative EGP 0.039 against negative 0.095 EGP in FY 2012.

Egyptian Resorts Company (EGX: EGTS.CA), Egypt's leading master developer of mega communities, announced today its consolidated results for the full year of 2013, reporting a net loss of EGP 47.7 million on revenues of EGP 28.9 million. By comparison, in FY 2012 the company reported a net loss of EGP 110 million on revenues of EGP 37.1 million.

ERC reported a EGP 16.1 million capital gain from minor sales activities. Balance sheet remained liquid at the close of the year, with cash of EGP 109 million.

Commenting on the Company's FY 2013 results and the outlook for the coming year, Chief Executive Officer Mohamed Kamel said:

The year just ended was very challenging for the tourism industry: political developments and the security situation countrywide took a predictable toll on the economy, on consumer sentiment, and on the travel industry in particular, with both tourist arrivals and tourist spending down significantly from the previous year. In 2013, 9.5 million tourists visited our nation, a 17.4% decrease from the previous year and a 35.8% decrease from the peak of 2010, while tourist receipts dipped to USD 5.9 billion in 2013 from USD 9.9 billion in the previous year and from USD 12.53 billion in the peak of 2010.

That said, the true measure of a corporation's resilience is not in how it manages in a strong economy, but in how it weathers downturn. In the year just-ended, ERC has overcome a damp economy, an uncertain security environment and volatile political scene to decisively place itself in a position to capitalize on growth once Egypt's economy and tourism industry recover. The long-term fundamentals of Egypt's tourism industry are as enduring as the sea shore, ancient monuments and heritage sites that have traditionally made us one of the most sought-after global destinations.

To that end, we have made some progress in 2013, as we look to grow in 2014 and beyond:

1. Sahl Hasheesh is gaining a leading position as one of the most attractive destinations on the Red Sea

Sahl Hasheesh has grown into a destination attracting the affluent market segments locally and internationally. Sahl Hasheesh hotels reported above 60% occupancy for the year compared to below 50% on average in the Red Sea region and Egypt overall.

Tour Operators are seeing higher demand from travelers to Sahl Hasheesh for its natural sandy beaches, hospitality, gated community and overall resort city aesthetics - an unmatched combination on the Red Sea. Furthermore, the affluent local market has discovered the destination and provided a continuously growing traffic flow of youth, elderly couples and all-family holidays. This growing traffic of tourists and visitors have also identified the opportunities for investing in second homes with expected high returns as reported by the better-than-expected sales and development results of current sub developers' projects in Sahl Hasheesh.

Going forward, and with the evergrowing interest of travelers, hospitality and real estate investors, retail operators and home buyers, we are confident in the future of Sahl Hasheesh as the fastest growing and most professionally managed resort city in Egypt.

2. Existing Investors

A couple of hospitality investors are expanding operations in Sahl Hasheesh – a positive sign in the midst of uncertain times. This confirms the view that Sahl Hasheesh is the ideal destination for hospitality and real estate investments once regional and local investors commence their investments in these sectors upon political stability in Egypt.

3. Infrastructure

Management took the strategic decision in the first quarter to upgrade the capacity of our proprietary water desalination plant from 10,000 to 14,000 cubic meters per day based on the forecasted demand for the coming years.

4. The downtown community center – The “Old Town”

The number of tenants in The Old Town, Sahl Hasheesh's commercial and entertainment core, reached 60 at the end of 2013, up from 52 tenants at the end of 2012. Of the total rented shops, 49 are now open, including a post office — a vital service for any community.

5. Transportation Contract

Another development in 2013 was the signature of an exclusive transportation contract to provide transportation within Sahl Hasheesh. We also signed a non-exclusive contract to provide car rentals and a bus service. This contract will facilitate both transportation within the community and create an uptick from the surrounding area, including Hurghada International Airport as well as Hurghada city, El-Gouna and the Hurghada Marina.

6. Corporate Social Responsibility

As part of its CSR initiatives, ERC teamed up with Injaz in sending corporate volunteers' to a number of schools in Cairo and Hurghada where they share their professional experience with underprivileged youth and give them practical training on how to succeed in the private sector. Also, ERC had the privilege of hosting a one-day event for 35 orphans in Sahl Hasheesh in partnership with the Hurghada branch of Resala, the national charity NGO. The children took a complete tour of the grounds on electric shuttle buses, had a submarine trip to discover the

wonders of the Red Sea, engaged in a series of games, challenges and activities with the animation team and enjoyed a nutritious lunch.

Legal Update

The next court session in the case filed to annul the Sahl Hasheesh contract is presently scheduled for 12 June 2014. Meanwhile, the next court session in our proactive suit filed against the Tourism Development Authority for the withdrawal of Phase 3 land is presently scheduled for 16 June 2014.

Strategic Priorities for 2014

Looking ahead, 2014 will see ERC working towards a number of strategic goals, not least of which will be the continued program of proactive cash flow management, which has served us quite well to date. We will also look to finalize the required approvals and the design development drawings for Sawari Marina, our co-development project with Orascom Development and Management, which will allow us to begin construction and ramp up B2C sales to local and regional investors, tourists and second home buyers.

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 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%
First Arabian Company	10.00%
Rowad Tourism Company	9.00%
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	32.91%

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