



EARNINGS RELEASE – Third Quarter 2016

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ERC Announces Consolidated Results for the Third Quarter of 2016

Q3 2016 saw ERC make profits and realize revenues from previous land sale contracts, while continuing to push forward with marketing efforts and its preparations for the launch of the Sawari Marina project

Third Quarter Financial and Operational Highlights

- Net revenues in 3Q 2016 reached EGP 49.5 million compared to EGP 16.7 million in 3Q 2015
- Gross profit for the quarter reached EGP 13 million compared to a loss of EGP 11.7 million last year
- Operating profit reached EGP 7.2 million vs. an operating loss of EGP 17.3 million in 3Q 2015
- Net profit for the period came in at EGP 7.3 million, compared to a loss of EGP 13.6 million in the comparable period in 2015

Egyptian Resorts Company (EGX: EGTS.CA), one of Egypt's leading master and real estate developers, announced today its consolidated results for 3Q and 9M 2016, posting a net profit after tax of EGP 7.3 million on revenues of EGP 49.5 million for the quarter in 3Q 2016. On a nine-month basis, the company recorded revenues of EGP 65.8 million in 9M 2016, down by 79% y-o-y.

The overall slowdown in revenues came largely on the back of significantly lower land plot sales, characteristic of the B2B land sales business model. Despite an overall slowdown, ERC realized revenues from land and unit sales to both sub-developers and retail of EGP 32.9 million during 3Q 2016, some of which were from previous land sale contracts.

Meanwhile, the results of the first 9 months of 2016 showed that collections from sub-developers and retail buyers came in at EGP 41.1 million, 74% lower y-o-y, mainly due to the slowdown in retail buyers' and investors' payments caused by the slowdown in tourism sector. Cash receipts from community management and services were also down by 45% y-o-y over the nine months coming in at EGP 16.3 million.

The company's balance sheet remained liquid at the end of 9M 2016, with a cash balance of EGP 98.4 million.

The period just ended saw ERC continue to prepare for the launch of the Sawari Marina project, while remaining firmly committed to its endeavors to market 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

In the third quarter of 2016, ERC organized numerous events and activities 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 July, Sahl Hasheesh kicked-off the summer season with the first installment of its annual Boardwalk Beach Parties, a two-day special event on the Sahl Hasheesh beach featuring two of the Red Sea coast's most prominent DJs. The Boardwalk Beach Parties continued from then on, bringing visitors a different DJ each week. Additionally, Sahl Hasheesh hosted 'Pacha Ibiza on Tour,' marking the resort city's first internationally-branded beach event, which featured a number of renowned DJs and performers from Pacha's central headquarters in Ibiza, Spain.

As part of ERC's efforts to give back to the Egyptian community, the company organized a clothing drive during the Eid Al Adha feast in Egypt, collecting used clothes to donate to charity organizations in Hurghada.

2. Land Plot Sales

In 3Q 2016, on the community development front, ERC realized revenue from previously contracted land plot sales. The company is expecting sub-developers' appetite for land to begin recovering in the coming months.

3. Proprietary Projects

ERC pushed forward with efforts to obtain all necessary licenses from governmental entities to launch its mega-project, Sawari, in 2017. 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. 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 have so-far reached a contracts value of EGP 71.5 million.

Looking Ahead

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 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 3/1/2017 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 cancellation 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 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

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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