



Samra Bay Marina & Spa Resort,

Golden Mile, Hurghada, Egypt

INVESTMENT SUMMARY

Why Invest in Egypt?

Egypt is said to contain one third of the worlds ancient monuments, the history and mysticism surrounding Egypt make it very popular for holiday tourists and avid historians alike. Combine this with new world luxury resorts, golden beaches, clear seas, underwater life and extreme sports there really is no better place for a hotel investment. The weather is reliable in Hurghada, it rarely rains and often the area can go for years without rainfall. Some hotels will actually offer a sunshine guarantee – if there is no sunshine then they will offer a further day's stay.

Egypt is seen as a dream destination with the Nile, Pyramids', Sphinx, Valley of the Kings, Oasis' in the desert mixed with lively resorts where every type of tourist catered for.

With an established tourism market, emerging property market and an endless demand for quality accommodation ensures the property market is likely to see stable growth. In Egypt there are only a few key locations left so if possible buy frontline in the best areas.

When this strategy is combined with the promise of more financial products in the future driving demand and prices upwards in an already buoyant market could mean fantastic gains for investors.

Over the last 10 years the system of purchasing property has been steadily relaxed to ensure foreign investors have a straight forward stress free purchase.

Summary:

- It's an all year round tourist destination with proven track record.
- The island has high occupancy rates & excellent rental yields
- Low entry and exit taxes
- Possibility to purchase off plan in key areas
- An established tourist market – more than 120,000 arrivals per week into Hurghada Airport alone.
- New Terminal and runway under construction at a cost of \$300 Million meaning the ability to handle a further 7.5 million tourists per year.
- Easy to purchase and viable exit strategies
- Low cost, high value units.

Why Invest in Hurghada?

- Property ownership is freehold
- Good accessibility, particularly from Europe, Former Soviet States and the Middle East.
- Good Infrastructure – International airport & developed road systems. Additional runway and terminal being constructed to cope with an additional 7.5 Million visitors a year.
- Visitor numbers for Hurghada airport reached 6.8 million incoming flights.
- Extremely tax efficient purchase methods
- Government figures show average year-round hotel occupancy rates of 80%.
- Occupancy rates for luxury and 5 star hotels approx 88% as there is a starvation of European and Middle Eastern quality hotel resorts.
- Egyptian Government tourism figures are said to grow at a conservative 6% per year until 2016, we suspect much of that will come from the new terminal and runway in Hurghada and expect to see flights into the airport and tourism increase by a minimum of 10% for the next 5 years.
- Hurghada flights increased in 2008 by 13% and stayed static for 2009 (-0.02% change) so it can be seen that the market is resilient in comparison to almost every other country which has seen a far higher detraction in tourism figures.
- Consistently strong economic growth:- Average steady GDP increase of 7% per year between 2000-2008.
- Hurghada is up to date with technology. WIFI internet access is available almost everywhere. Most restaurants, eateries, coffee shops all have free WIFI internet access.
- Large international brands such as MacDonald's, Burger King, KFC, Pizza Hut, Costa Coffee, Hardees, Hard Rock Café, Little Buddha, Hed Kandi and Ministry of Sound already established in Hurghada.
- Hurghada has a proven tourism record and is already established market, over 200 hotels in the city, many large brands already such as Hilton, Intercontinental, Marriot, Sheraton, Sofitel, Steigenberger, Rotana, Movenpick, Oberoi, Radisson, Sol y Mar, Sunrise, Club Med and more all operate in the area.
- Investors which own property in key locations in Hurghada have seen a good steady growth and have achieved 50% increase in their property prices over the last 3 years.

- Starvation of European quality 5 star hotel resorts. European Quality 5 star hotels have in excess of
- 88% average year round occupancy rates in the New Hurghada Area.
- Frontline property in key locations is important as it is the norm for beaches to be private so only the hotels that crowd them can use them, it is therefore recommended that property is purchased frontline.

In Conclusion;

For an investor looking at a market which has such a proven tourism track record but an emerging property market where there is a starvation and desperate need for high end accommodation, a hotel type investment would be unrivalled.

Investment Summary - The Deal

Minimum 80% Net Income per year over 8 years = 10% Net Income per year.

When combining together the 55% returns and guaranteed buy back at 125% of the original purchase price means that you can relax safe in the knowledge that your investment will grow by a minimum of 80% over an 8 year period, that a 10% return per annum.

Average 7% Net Rental Guarantee for the 8 year renewable period.

Year	Malaki Net Income %
Year 1	6.00
Year 2	6.00
Year 3	6.30
Year 4	6.62
Year 5	6.95
Year 6	7.29
Year 7	7.66
Year 8	8.04
Total %	55%

All operating costs and monies are contracted from the start. The rental guarantee starts at 6% net, rising to over 8% across the 8 year period. At the end of the period the developer will look probably to allow the client to either have the units re-valued and operate a similar guaranteed returns deal or offer a rental income pool for its clients. It is in the developers best interest to retain the maximum level of units under the rental program as the resort would have already built up strong occupancy rates. It is the developer's intention to run the resort as a luxury hotel for a minimum of 3 cycles of 8 years.

Helping you feel secure - Guaranteed Buy Back at 125%

The initial period of returns are at a fixed rate for the first 8 years. The developer has actually offered to buy back any of the studio and 1 bedroom units at 125% of the original contracted purchase price in 8 years time. The developer intends to run the hotel infinitely so therefore he appreciates that the income from the units over time will pay for themselves regardless of the future selling market. The developer is supremely confident as he has developed one of the best facilitated and supremely located hotels on the Red Sea.

National Bank of Abu Dhabi Bank Guarantees.

We understand that many clients have heard or experienced developers delivering late meaning that the returns of proposition are less than expected.

We are so confident with our projects finishing on time that The National Bank of Abu Dhabi is guaranteeing the income for the first two years. This again underwrites the developer commitment to ensuring the hotel and lifestyle units are completed on time, in the unlikely event that the developer does run slightly over your income is guaranteed.

Taxes

Entry and Exit and running taxes are very low, this means that you get to keep more of your profit.

Please refer to the legal and completion overview.

Developer operates a hold policy on its resorts – Shared Risk.

From the 800 units available 400 units will be retained by the developer meaning that it is always in joint benefit that the hotel is operated in the correct manner. The development company have plenty of security to underwrite the remaining 6 years in the first cycle of 8 years.

No Maintenance Fees, No Management Fees, No Service Charges

This is a completely hands off investment! Once the hotel management company leases your apartment, they will not require any involvement or money from you during the term of the lease. The lease agreements and management contracts are also signed at the initial purchase contract stage meaning that all of the costs have been agreed on before you hand over your monies.

Optional 21 days free usage per annum and 50% discount on all facilities.

As part of the purchase you have a personal allowance of 21 day's usage per year. The only stipulation is that your usage is outside of peak holiday periods. Whilst you are enjoying the resort you will also receive discount cards which will give you 50% from any spend including restaurants, spa treatments and day trips.

Location, Location, Location - Frontline resort in the Golden Mile of Hurghada.

There are 3 parts of Hurghada, the new area of Hurghada stretches for 6 kilometres and has a wide palm tree lined walkway with shopping malls, water features, and is home to some of the biggest brands of hotel. Situated adjacent to the Steigenberger, Intercontinental and Hilton brands. The hotels brands see such value in being located in this area that they have built second line hotels behind their frontline hotels, this should give good confirmation for the demand in the area and also the high hotel occupancy rates.

Buying Below Our Competitors

There is only one other development in the whole of the new Hurghada area that has its own private beach and borders the famous 6km walkway, there are less facilities in the development and the price per square are 30% more expensive.

The question that we get asked over and over is how can the developer buy back the units?

Well the developer earns an income from his units that are held back and also a small profit from your units when combined together to ensure that the developer can afford to do this at 125% of the initial purchase price. He also owns another 400 units on the site which additional funds could be raised should they need to.

So why is the buy back at just 125%?

At 125% the developer could afford to buy back all of the units sold in this way. The development company feel they can achieve this with all of the investment units should sold should they need to.

When do I have to decide if I want to take advantage of the buy back?

Approx 6 months before the purchase contract is 10 years old (so it is 9 ½ years away) meaning that it will be just after the next 8 year deal is announced. The contract is written in this way is to ensure that in the event that clients would like to take advantage of the offer the developer does not have to complete this for units in the same week., it is our best interest to take all of the units on for another 8 year period so we have to make sure that the offer of rental guarantee for the next 8 year period is fair for both the developer and the client.

You can sell your unit at any time- Other Exit Strategies?

As with any investment , the returns of any growth seen from capital appreciation can only be obtained once the unit has be sold and the monies realised. You can resell your unit at any time. The developer has already set aside an area of space overlooking the hotel reception and the main walkway area. With our office in this key location and around 1400 new guests every week staying in the hotel and experiencing the high quality build and fantastic feel it means that we also have a potential 1400 new clients every week. With low entry prices, a variety of ways to purchase and a reallocated offset scheme meaning that the new client benefits

from the same original percentage returns we foresee the exit strategy to be well thought out and achievable at any point of ownership.

Payment Plan

The reservation needs to be made in Euros and can be paid by bank transfer.

Reservation 3000€

Initial payment on contract – 40% - 3000€ within 30 days.

6 months after contract date – 20%

40% on completion of the unit (July 2012)

Low Entry Level Launch Prices

Prices start from just €59,000.

Summary

The developer has attempted to create a slightly different product from those already available in the overseas property. We believe that with the already buoyant tourism market, demand outstripping supply for well placed upmarket hotels and a guaranteed return there really is no better place to invest than Samra Bay Marina & Spa Hotel. We also feel that a 10% minimum return per year will be profitable for the client as well as the developer.