



Samra Bay Marina & Spa Resort,

Golden Mile, Hurghada, Egypt

INVESTMENT SUMMARY

Version 2.6

Winner for the “Best Mixed Use Development Egypt” - Arabian Commercial Property Bloomberg Awards.

Why Egypt?

Why Invest in Egypt?

Egypt is said to contain one third of the world's 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 and 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 is catered for.

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 straightforward stress-free purchase.

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

- There are 3 parts of Hurghada,
 - 1) El Dahar – Old Town is where most of the locals live.
 - 2) Sekalla – Old Town mixing many shops with a great night time party atmosphere (Ministry of Sound, Hed Kandi, New Marina).
 - 3) Village Road - The new area of Hurghada - it stretches for 6 kilometers and has a wide palm-tree lined walkway with shopping malls, water features, and is home to some of the biggest hotel brands. The Golden Mile is located here.
- 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 clients look for frontline property in key areas.

Economy

- Consistently strong economic growth - Average steady GDP (Gross Domestic Product) increase of 7% per year between 2000-2009.
- Improving Infrastructure – International airport & developed road systems.
- Egyptian Government tourism figures are conservatively forecast to grow at a 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.
- Investors who own property in key locations in Hurghada have seen a good steady growth and have achieved a 50% increase in their property prices over the last 3 years.

Tourism

- It's an all year round tourist destination with proven track record.
- Hurghada has a proven tourism record and is already an 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.
- Samra Bay is situated adjacent to the Steigenberger, Intercontinental and Hilton brands in Village Road. 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 a good confirmation of the demand in the area and also the high hotel occupancy rates.
- Hurghada is starved 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.

- Government figures show average year-round hotel occupancy rates of 80% for Hurghada.
- Good accessibility, particularly from Europe, former Soviet States and the Middle East.
- Visitor numbers for Hurghada airport reached 6.8 million (120,000 people per week) incoming flights.
- 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.
- 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 greater decline in tourism figures

Large International Blue Chip International Brands

- Large international brands such as MacDonal'd's, Burger King, KFC, Pizza Hut, Costa Coffee, Hardees, Hard Rock Café, Little Buddha, Hed Kandi and Ministry of Sound are already established in Hurghada.
- 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.

Purchase Benefits

- Property ownership is freehold
- An established tourist market – more than 120,000 arrivals per week into Hurghada Airport alone.
- Low cost, high value units
- Possibility to purchase off plan in key areas
- Easy to purchase and viable exit strategies
- Extremely tax efficient
- Low entry and exit taxes

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 of and desperate need for high end accommodation, a hotel type investment would be unrivalled.

Rental Income Option 1 – Eliminating Client Risk.

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 probably look to allowing 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 developer’s 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.

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.

Guaranteed completion date - An International Bank Guarantee of Income.

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 that our projects will finish on time that we have an agreement with a choice of International Banks guaranteeing the income to be received by the clients on the anniversary date of July for the first two years. This underwrites the developer commitment to ensuring the hotel and lifestyle units are completed on time, and in the unlikely event that the developer does run slightly over your income starts regardless of the development finishing stage.

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

When combined 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’s a 10% net return per annum.

Optional 15 days free usage per annum and 50% discount on all facilities.

As part of the purchase you have a personal allowance of 15 day’s usage per year. The only stipulation is that your usage is outside of peak holiday periods such as Easter & Christmas. 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.

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.

Summary

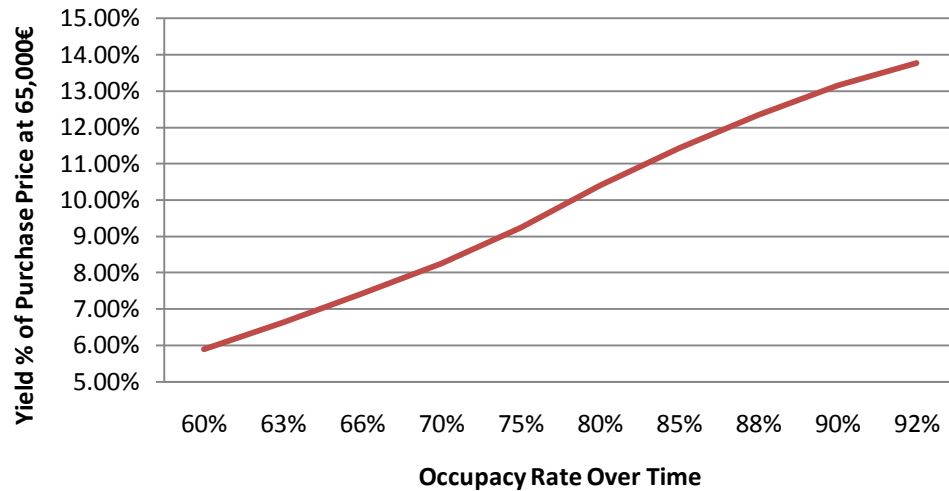
The developer has attempted to create a slightly different product from those already available in the overseas property market. We believe that with the already buoyant tourism market, demand outstripping supply for well placed upmarket hotels and a guaranteed return there really is no better place 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.

Rental Income Option 2 – 50/50 Share

Anticipated Net Yields of 12% + per year.

Based on the nightly rate increasing and the hotel management company slightly reducing the running costs year on year, over a 10 year period we can envisage a yield similar to the one below:

Potential Net Share Yield on a 65,000€ Unit



A client can also use their unit for up to 6 weeks of the year, however in this instance their personal usage may reduce their income yield income pro-rata.

Management

Orbit Group have partnered with the Serenity Group who already have almost 700 hotel rooms in Makadi Bay, approx 20km from Hurghada. The hotel is currently running on average between 85% - 92% depending on the time of year. The hotel opened in December 2006. As the developer shares many of the units he also ensured that the hotel management company was to offer the highest possible occupancy for his units and the clients units.

Understanding Yearly Occupancy Rates

An Occupancy rate is the percentage of all hotel rental units are occupied or rented over the year. In order to understand the occupancy in the area of the Golden Mile, below are our competitors hotels and their occupancy for 2009 & the first half of 2010.

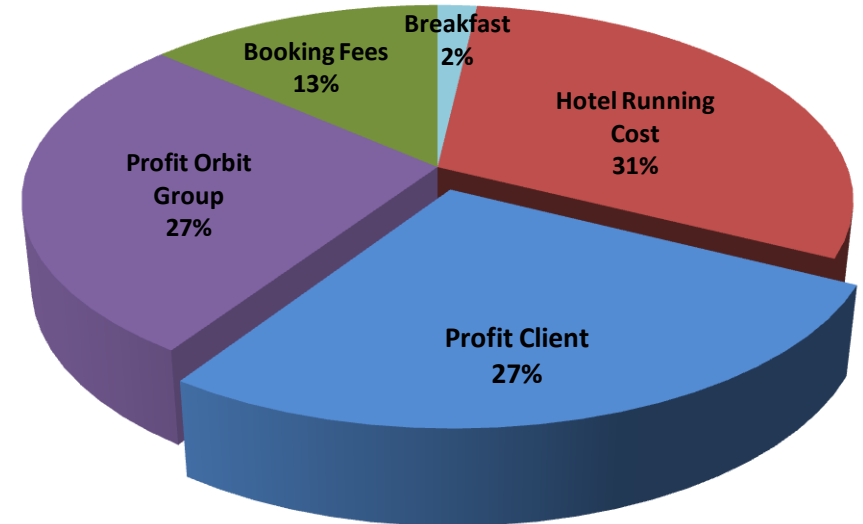
It should be noted that the average occupancy was dramatically lower in the first half of the year due to the economic slowdown, during the second half the government

lowered taxes to allow cheaper flights etc, for the last 6 months government quoted occupancy rates of 80%, only 0.02% down on the previous year. This also displays the Egyptian Tourism market to be very resilient.

Hotel	Average Room Rate for 2010	Average Occupancy Rate, Jan – Aug 2010
Grand Plaza 5*	135.00 \$	83%
Hilton Resort 5*	165.00 \$	83%
Intercontinental 5*	122.50 \$	84%
Steigenberger Al Dau Beach 5*	160.00 \$	89%
Average	145.63 \$	85%

Net Daily Rate

There are running expenses associated with the hotel and below is an example breakdown of a hotel room which has a gross nightly room rate of 100\$ per night:



Summary

With this option it is possible to benefit from the experience that the developer has gained in the tourism market. With the Hotelier already in place with a fantastic track record it is possible to share with the developer in the fantastic returns that they are set to receive. Samra Bay Marina & Spa Resort will be a well placed upmarket hotel already having a great relationship with almost every large tour operator whom are already working within the hotel brand. This will continue to ensure high levels of returns meaning there really is no better place to invest than Samra Bay Marina & Spa Hotel.

Investment Summary – The Deal:

Rental Income

There are many different types of client which have many different types of needs therefore is best to choose the best income revenue which best suits you they could be:

Option 1: Average 7% Net Rental Guarantee for the 8 year renewable period.

Benefit from the rental income guaranteed over the 8 year period. At the end of the 8 year period the developer will set another level of guaranteed returns for the next 8 years. In this option the developer takes the risk regarding nightly room rates, running costs and occupancy rates meaning the client does not. This option tends to be popular with the clients that are more risk adverse.

Option 2: 50/50 Share Of Rental Income.

You will also be partnering with the developer and benefiting from their experience. Potentially this will ensure a higher income but may also be subject to the movement of nightly room rates, running costs and occupancy rates which could affect your income. In this option the risk is higher however so too are the returns. The returns can be calculated by assessing the nightly room rate and occupancy levels. This option tends to be popular with clients which purchase a Samra Bay unit as part of a balanced portfolio across a range of investments.

Other Benefits,

Regardless of which rental option the purchaser decides to receive their returns, all hotel units at Samra Bay Marina & Spa Resort will benefit from the following:

Furniture Is Included

A full furniture pack is part of your purchase price. This will mean that your unit is furnished to a standard that it can be part of a 5 star hotel resort. It will include all fixtures, fittings, hard and soft furnishings. As an hotelier we have to ensure that the units are fit to be used as a hotel unit.

Developer Buy Back at 125%

The developer has offered to buy back any of the studio and 1 bedroom units at 125% of the original contracted purchase price 8 years after completion. The developer intends to run the hotel infinitely so therefore he appreciates that the income from the units over time will mean they 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.

No Unforeseen Costs, Zero Maintenance, Management or 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 and signed at the point of your initial deposit.

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, but there are fewer facilities in that development and the price per square metre is 30% more expensive.

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

As with any investment, the return of any growth seen from capital appreciation can only be obtained once the unit has been sold and the monies realised. You can resell your unit at any time. The developer has already set aside an area overlooking the hotel reception and the main walkway area. With our offices in key locations (there are also other offices outside the hotel) and around 1400 new guests every week staying in Samra Bay Marina & Spa Resort, experiencing the high quality build and fantastic feel means there are a potential 1400 new clients every week. With low entry prices, a great track record and a variety of purchase and rental options means we are confident at being able to demonstrate a well thought out viable exit strategy. This is an option at any point of ownership after your unit has been purchased.

Flexibility on usage and 50% discount on all facilities.

With this option the client will receive up to 15 days personal usage. The only stipulation with both rental options is that your usage is outside of Easter and Christmas 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.

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.

Low Entry Level Launch Prices

Prices start from just €59,800.

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€.

6 months after contract date – 20%

40% on completion of the unit (July 2012)

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.**

Further Questions & Other Information

If you feel that there is any other information that you need such as Due Diligence Packs, Legal and Completion Overview, Purchase Process Overview or a clarification of any of the above points, please do not hesitate to contact your agent and ask.

Moving Forward – What do we do next? How do we Proceed?

The next step will be to fill in a reservation form and pay a small reservation fee, the process is very simple, purchase contracts are written and you have plenty of time to instruct a solicitor or to read through them. Please speak to your agent on how to take the next step.

Notes: The Buy Back Explained:

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 it ensures that the developer can afford to do this at 125% of the initial purchase price. He also owns another 400 units on the site from which additional funds could be raised should they be needed.

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 sold, should they need to.

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

Approx 12 months before the purchase contract is 10 years old (approx 9 years away) meaning that if you have decided to choose rental option 1, will be just after the next 8 year deal is announced. The purchase contract is written in this way as 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 all units in the same week.

For clients with rental option 1, It is in 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.