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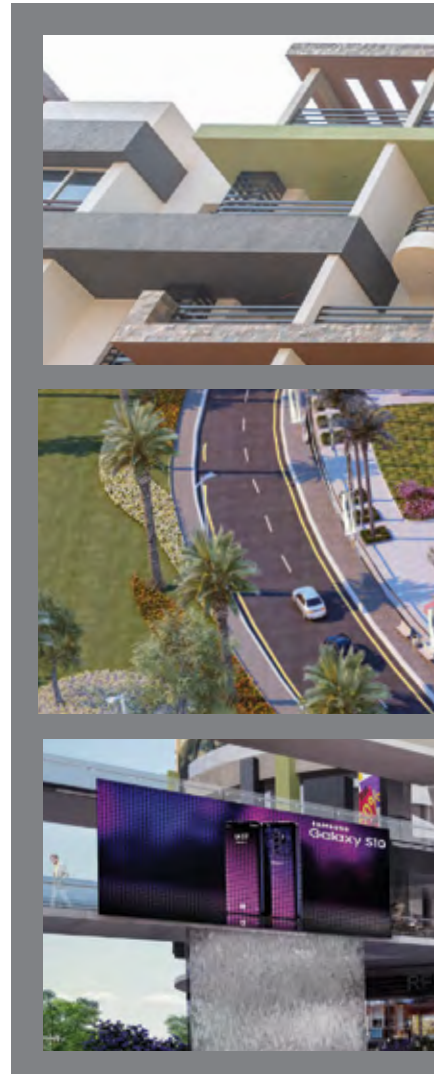
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EDITOR'S LETTER

Our new normal...

As the nation is set to resume its economic growth by driving its pillars to go back to work, easing lockdown, and initiating a plan to live with the pandemic COVID-19, Invest-Gate, too, has taken major steps to adapt to the new normal.

This month, we shed light on the recent updates on the IMF loan and the recent financial reforms by the Central Bank of Egypt (CBE) to modernize business and boost Egypt's economic growth. The CBE is set to help many businesses across many sectors with its recent initiatives and decisions.

Featured in June, Invest-Gate also gets out of the real estate and looks into the SMEs world and start-up scene across the country to present its recent challenges and means to endeavor.

Invest-Gate's R&A team presents a thorough analysis of the local construction sector, sharing the latest updates and analysis given the COVID-19 impact.

By adapting to the new normal, we bring you our virtual world, featuring our latest virtual roundtable, titled "Smart Real Estate Amid COVID-19". In this issue, we share the recommendations by key market players and present you with the complete coverage of our fruitful almost two-hour online conversation.

As we all go back to work, Invest-Gate is shedding on the real estate sector new normal and the means to overcome the impact of COVID-19 through a series of ongoing virtual events and webinars during the summer months and later on. We might be keeping our distance but we all remain closely connected to keep life going and push for efficient development.

So stay tuned!

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INVESTGATE

THE VOICE OF REAL ESTATE

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NUCA's EGP 4 bn Bond Issuance Wins 'Deal of the Year 2020'



The Banker, a sister publication of the Financial Times, granted the New Urban Communities Authority's (NUCA) EGP 4 bn bond issuance the "Deal of the Year 2020 – Africa" award, Invest-Gate reports.

The European Bank for Reconstruction and Development (EBRD), which invested a total of EGP 1.5 bn in NUCA's local currency program, poured EGP 500 mn in NUCA's securitized bond issuance, which was arranged by Sarwa Capital Holding for Financial Investments and Banque Misr, the financial institution revealed in a recent official statement.

The issuance marked the second transaction under NUCA's EGP 10 bn program. It aims to diversify its sources of financing and accessing a cost-effective

and flexible alternative to traditional bank financing, the statement noted.

"The funds raised are particularly impactful, as NUCA has embarked on an ambitious investment plan to develop [more than 20] new cities to accommodate Egypt's growing population away from the narrow strip of the Nile Delta. This will help stimulate the Egyptian economy and create new job opportunities for local people," according to EBRD.

Sue Barrett, EBRD's head of infrastructure for Turkey, Middle East, and Africa, underscored, "This landmark bond program will further support the deepening of the local debt capital markets in Egypt, and contribute to the much-needed diversification of investable EGP assets for the local and international institutional investor base."

Egypt to Establish Largest Fibre Optic Factory in MENA



State-run Arab Organization for Industrialization (AOI) and Benya Capital, a telecom and technology solutions provider, joined forces to establish the largest fiber optic cable factory in Egypt and MENA at the Suez Canal Economic Zone (SCZone) in the Suez Canal Economic Zone (SCZ), Invest-Gate reports.

The 50,000-square-meter facility is set to cost over EGP 1 bn and produce nearly 60 kilometer-worth of cables a year, Chairman of SCZone Yehia Zaki stressed during the signing ceremony on May 20, which saw the attendance of Minister of Trade and Industry Nevine Gamea, Benya Capital Chairman and CEO Ahmed Mekky, among other officials and dignitaries, according to a recent official statement.

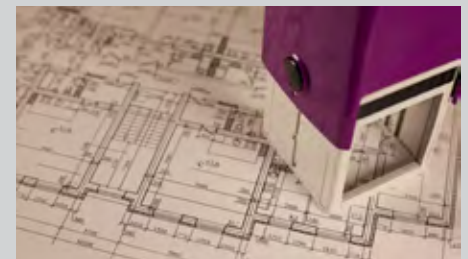
Besides, Corning Incorporated, one of the world's leading innovators in optical fiber, cable, and connectivity solutions, will support the project as a strategic supplier of optical fiber. This because it had invented the first low-loss optical fiber, which ultimately transformed the way the world creates, shares, and consumes information, the statement noted.

On his part, Mekky confirmed, "Experimental production of the factory is set to start in Q3 2021, utilizing up to 4 mn kilometers of optical fibers annually. This capacity is set to increase successively according to the company's expansion plan and enabling Egypt's transformation to one of the most important hubs for data storage and transmission."

Abdelmonem Eltarras, chairman of the AOI, underscored the deal reaffirms Egypt's directive and reflects AOI's strategy to increase local manufacturing, embed the latest technologies, and reduce import in cooperation with international expertise. It will also create new jobs for young engineers and technicians, in addition to training opportunities on the latest technologies in line with the fourth industrial revolution.

According to Zaki, the new addition falls within the framework agreement signed by both parties last month to establish industrial parks in the SCZone. The cooperation with AOI will enable achieving sustainable development, attract local investments, and support the government's vision for the economic zone as a global logistics center.

Gov't Imposes 6-Month Ban on Building Permits



Local Development Minister Mahmoud Shaarawy has announced a six-month ban on construction permits in various urban cities, including Greater Cairo and Alexandria, pending verification of complying with building codes, Invest-Gate reports.

Effective as of May 24, and coming in line with President Abdel Fattah El-Sisi's directives, the decision stipulates the halting of private housing construction until verifying compliance to building codes and other standards such as allowing for enough parking spots, Minister of Local Development Mahmoud Shaarawy noted in a Cabinet statement on May 25.

Industrial, tourism, government, and national projects are excluded from the ministerial decision, Shaarawy indicated, stressing that strict measures will be taken against violaters.

In March, the Egyptian parliament approved the Unified Building Code, giving the government sharper teeth to clamp down on illegal construction. The long-awaited amendments extend the validity of building permits to three years from one, and impose harsher penalties on building code violations, especially for building on agricultural land

Orascom Construction Posts USD 599.2 mn New Awards in Q1 2020

Orascom Construction (OC) has reported consolidated new awards of USD 599.2 mn (EGP 9.5 bn) in Q1 2020, compared to USD 480.7 mn (EGP 7.6 bn) in the corresponding period last year, Invest-Gate reports.

With the pro forma including 50% of BESIX, the company's backlog bounced by 13.3% to USD 7.9 bn (EGP 125 bn) during the first three months of 2020 from USD 7 bn (EGP 110.7 bn) in the year-ago period, OC revealed in its financial statements on May 21.

Besides, the Egypt-based company recorded a net cash position of USD 114.3 mn (EGP 1.8 bn) as of March 31 and has access to sufficient, additional direct credit lines of over USD 500 mn (EGP 8 bn).

"Consolidated revenue increased 17.3% y-o-y to USD 827.6 mn (EGP 13.1 bn) in Q1 2020 ... Excluding the contribution from BESIX, net income stood at USD 36.4 mn (EGP 575.8 mn) during the same period," read the statement.

OC has expanded its presence across a number of its existing core sectors such as infrastructure, wastewater treatment, railway, roads, and data centers. During the quarter, the group was awarded the modification, renewal, installation, and maintenance of the Banha-Port Said railway lines in Egypt, stretching across 45 kilometers of trackwork and signaling. It is also part of a consortium to build the first Independent Sewage Treatment Plant concession in Saudi Arabia.



"We are also proud to play our role in contributing to national efforts that address COVID-19 relief, such as funding and arranging the repair of ventilators across 42 hospitals in Egypt and donating medical equipment. These initiatives are also mirrored in BESIX, which has directed resources ranging from donating critical supplies to local hospitals and laptops to children in need of online schooling to 3D-printing essential parts of protective masks," CEO of OC Osama Bishai was quoted as saying.

Earlier, a consortium made up of OC, Arab Contractors, and Bombardier Transportation has broken ground on Egypt's first-ever monorail line, which will connect east Cairo and the New Administrative Capital (NAC), starting off on the first week of May, according to a previous statement.

Misr Italia Properties Obtains EGP 650 mn Loan



Misr Italia Properties has inked a middle-term loan worth EGP 650 mn, coming as part of a bank consortium led by the National Bank of Egypt (NBE), Invest-Gate reports.

NBE will extend financing worth EGP 300 mn, while the Egyptian Gulf Bank (EGBank) and the Arab Investment Bank (aiBank) will provide EGP 260 mn and EGP 90 mn, respectively, according to a bourse filing by NBE.

Mohamed El Assal, CEO and managing director of Misr Italia, stated that the loan is aimed at financing part of the investment cost of its fully-integrated business hub in New Cairo, or "Cairo Business Park."

He indicated that the 78,000-square-meter project boasts a modern business area that consists of 42 administrative and commercial buildings, 15 of which to be delivered by year-end. This comes in addition to a four-star 144-room hotel, assigned to Hilton Hotels and Resorts to be as part of the Hilton Gardens chain.

Sherif Riyadh, head of the corporate and syndication group at NBE, said that the two-tranche loan extends over seven years. The first tranche amounts to EGP 530 mn to finance the construction of Misr Italia's administrative and commercial buildings, and the other EGP 120 mn tranche is dedicated to the hotel's construction.

On his part, Hisham Okasha, CEO of NBE, noted that the lending comes as a support to the Egyptian real estate sector, in light of the state's interest in offering more investment opportunities within the industry and addressing the property developers' needs to further prosper.

Mountain View's Latest West Cairo Project Logs EGP 1 bn Sales



Egypt's property developer Mountain View has launched "MV Park – The Lake," its latest residential project in 6th of October City, generating sales totaled at EGP 1 bn, Invest-Gate reports.

Extending over 70 acres, with investments worth EGP 4 bn, MV Park – The Lake boasts almost 1,800 water-front houses, featuring a modern architectural design and an idyllic location in west Cairo, with easy access to a number of prominent facilities and services. It adds up to the company's land portfolio in west Cairo, which currently stands at 800 acres (or four different developments), Mountain View said in a press release on May 19.

With the COVID-19 pandemic unfolding before the world's eyes, Mountain View earlier announced putting into effect its PCF4 safety protocol, which was created carefully and thoroughly by the developer's urgent crisis committee, adhering to the recommendations of Egypt's Ministry of Health and the World Health Organization. Thanks to being highly dependent on regular sanitization and disinfection procedures, it guarantees the safety and wellbeing of its employees, partners, and residents all across the board.

As a result of being applied at its headquarters and sales offices, the company witnessed an unprecedented demand for residential units and, more specifically, for MV Park – The Lake. This translated into a record-breaking boost in overall contractual sales volume only in April, valued at EGP 450 mn, owing to the strict plan of cleansing and decontamination performed regularly within each and every Mountain View premises.

TMG Holding Settles Disputes Over San Stefano Project



Talaat Mostafa Group (TMG) Holding has signed a settlement agreement to resolve over Alexandria's San Stefano project, Invest-Gate reports.

Under the deal, TMG Holding will pay an annual amount of EGP 7 mn to the governorate, with an increase of 12% per year, thereupon settling disputes dating back to 2016, according to an official statement on May 20.

The settlement was signed between Hisham Talaat Mostafa, the company's CEO and managing Director, and Alexandria Governor Mohamed El Sherif, in the presence of Prime Minister Mostafa Madbouly and Minister of Local Development Mahmoud Shaarawy, the statement noted.

Earlier, TMG Holding has committed to pumping at least EGP 5 mn per year into development projects, as part of its corporate social responsibility (CSR). On another note, the Egyptian developer maintained a stable pace of development in 2019, with real estate transactions dipping by 4% only to hit almost EGP 20.4 bn versus sales in 2018.

Amid the local market's quasi-stagnation, the 2019 drop in sales primarily stemmed from net acquisition activities valued at EGP 300 mn for developing one school in east Cairo's Rehab City, compared to directing EGP 1 bn for a wider scope of projects in the prior year, the company announced back then.

SODIC Equips 3 Hospitals to Scale Up Coronavirus Readiness



In cooperation with Egypt's Ministry of Health, Sixth of October Development and Investment Company (SODIC) has equipped three public hospitals nationwide, in an attempt to make more room for COVID-19 patients, Invest-Gate reports.

SODIC commissioned 50 fully-equipped portable quarantine units for the Abbassia Fever Hospital and Mansoura Chest Hospital. Additionally, it will also equip 21 hospital rooms in Mahala Fever Hospital to serve as complete isolation units, according to a press release on May 18.

Previously, the Egypt-based developer unveiled its multi-tiered approach in contributing to the cause, which involved redirecting all marketing resources to creating awareness about the Coronavirus. This comes alongside donating ventilators and monitors to Sheikh Zayed Specialized Hospital, Sheikh Zayed General Hospital, and Imbaba General Hospital to be able to hospitalize COVID-19 patients.

Over 1,500 protection packages were distributed in Ezebt Khairallah, providing the community with immunity boosters, sanitization material, and hygiene instructions, SODIC further highlighted in its statement

ODH's Unit Secures EUR 18 mn to Kick-Start Home Project in UK



Eco-Bos Development, a subsidiary of Egypt's Orascom Development Holding (ODH), has secured a peak debt funding facility of EUR 18 mn to support the building of phase I of West Carclaze Garden Village in Cornwall, UK, Invest-Gate reports

Shawbrook Bank, a specialist SME lender in the UK, will help finance the execution of 296 eco-friendly

properties adjoining two lakes, coming as part of the Garden Village project, which involves the establishment of 1,500 homes in total, ODH said in a press release on May 20.

Developed over 196,604 square meters of the total land bank, which marks over 6.5 mn square meters, the green project's first phase will also feature a 210-place primary school, community facilities, and four miles of trails.

"Residential sales for the project will commence in June 2020 and commercial sales will take place in February 2021. This phase is planned to be delivered during Q3 2024, with expected total sales of almost EUR 82 mn," according to the statement.

"The project, as previously announced, will be cash flow positive in 2020 and profitable in 2022. Estimated cumulative losses before turning into

profits are within the range of about EUR 2-3 mn until 2022," it added.

Likewise, UK-based Eco-Bos has earlier awarded "Moor Manage" the construction works of the Garden Village project. Meanwhile, "Morcom Construction, the groundworks contractor, started on-site in February, with 'official' groundbreaking in March 2020," the company revealed.

Last November, ODH had released the UK-based project and highlighted that its extensive land area "allows planning the development of a multitude of projects over the next two decades, strongly helping to achieve ODH's strategic objective to diversify into the relatively stable and attractive market for European first homes while having positive cash flows and consolidated profits from an early stage," read an earlier statement.

CED Warms Hearts of Frontline Workers with Special Launching Offer



Egypt's national developer City Edge Developments (CED) has launched its newest project in the New Administrative Capital (NAC), called "Al Maqsad Residences," offering a preferential ten-year payment plan for health personnel, Invest-Gate reports.

This support scheme is "only a simple gesture of appreciation for those who put our health and well-being first," especially during such challenging times, Ashraf Salman, the company's chairman, highlighted in a press release on May 31.

Al Maqsad Residences, which extends over 214 acres in east Cairo, comprises a number of fully-furnished residential units, with areas ranging from 111 to 187 square meters. It features both classic and contemporary architectural styles, providing different options and modules to meet various customer preferences.

Situated in close proximity to NAC's main axes and the New Administrative Capital Airport, the development includes a mixed-use strip, "which avails a wide array of services including commercial stores, administrative offices, and residential apartments, offering residents a fully-integrated and serviced community," read the statement.

Commenting on the launching, CEO of CED Mohamed El-Mikawi underlined, "This project is also significant since it is the first residential building project offered and marketed by the company in the new capital as part of our protocol with New Urban Communities Authority (NUCA), and hopefully it will be the continuation of a long chain of successful collaboration."

Ora Developers, Orascom Ink Deal for ZED Sheikh Zayed



Ora Developers has signed a deal with Orascom Construction to build the first phase of west Cairo's ZED Sheikh Zayed, Invest-Gate reports.

"Ora Developers also signed an agreement worth EGP 1 bn with Banque Misr dedicated to the first phase of the project," according to the company's bourse filing on May 12.

Phase I, which was awarded to Orascom, comprises around 600 residential units, with its scope of work also including the construction of a three-story garage, a two-level shopping mall, and four 17-story apartment towers.

Ora Developers CEO Haitham Abdel Azeem affirmed, "We are proud of maintaining the pace of construction

of the project. We look forward to its finalization as planned within 35 months to start the delivery of the first phase by 2023."

"We are committed to the delivery schedule of the project as we have started the construction works last August, just four months after the launch. We managed to commence with drilling and deep foundations and we will ensure that construction continues at the same pace, as we are committed to the delivery dates we promised the customers with," Chairman of Ora Developers Naguib Sawiris was quoted as saying.

The multi-purpose project will be developed over six phases, involving more than 4,500 fully-finished residential units, an administrative/commercial complex, among other services and amenities.

Arkan Plaza Rolls Out Egypt's 1st Drive-Thru Donation



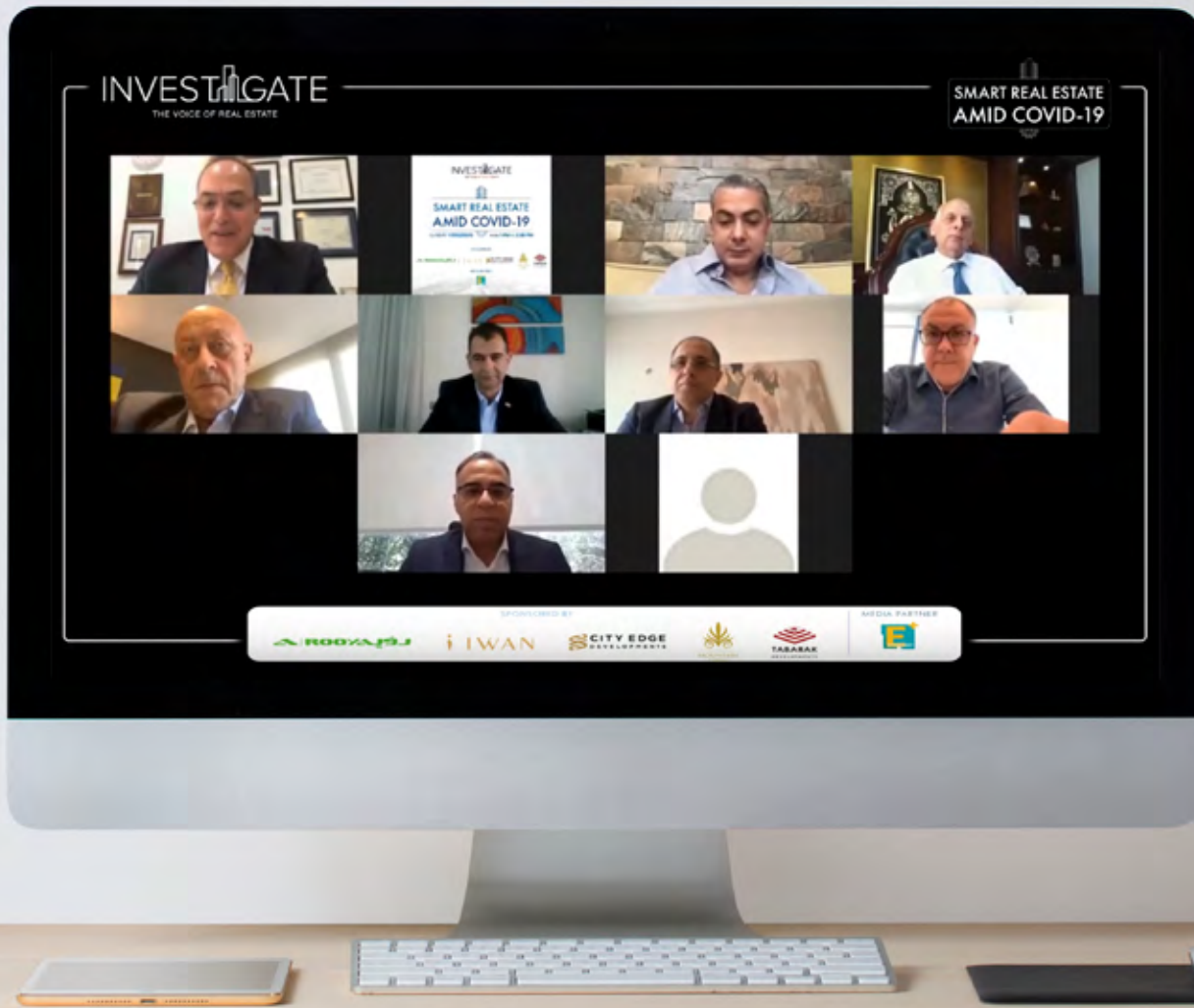
West Cairo's Arkan Plaza is reopening for a good cause and is inviting guests to cruise through the development's parking lot as a part of a drive-thru charity, whereas all donations will be directed to workers relying mostly on tips for income, Invest-Gate reports.

The initiative, which is led by Arkan Plaza's property manager Savills Egypt, is aimed at collecting donations to provide to help all food and beverage (F&B) staff, who depend mostly on tips for income and are now struggling throughout the pandemic, according to a press release on May 31.

"Guests can drive into the parking lot drop their donation (cash) into the drive-thru donation box and leave without having to pay for parking, as long as the process does not take more than 15 minutes ... The goal is to be able to provide all employees with an amount that would substitute the tips lost until the COVID-19 situation is resolved," read the statement, noting that Arkan Plaza's developer El Badr Group is also donating all of Ramadan's parking revenue to the same cause.

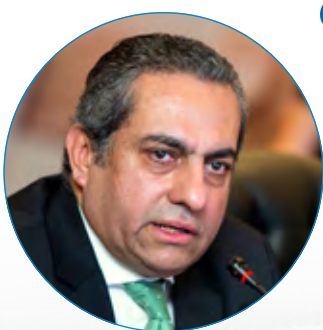
On his part, Marketing and Business Development Director at Savills Egypt Tamer Elfiky remarked, "This pandemic has affected us all, especially the service industry and those who count on their monthly wages and tips for their day-to-day living. This creative initiative is the result of our hard work and efforts with El Badr team to look at innovative ways to adapt to the current situation and implement solutions that can curb as much as possible the impact of the crisis."

Managing Director of El Badr Ahmad Badreldin added, "Arkan Plaza's success throughout the years is attributed to the community in which we operate, whether that is our daily guests, our tenants, or the wonderful staff and service providers at our various outlets. In these trying times, we must support one another to make sure we make it past this dilemma stronger and more compassionate towards one another."



INVEST-GATE'S 1ST VIRTUAL ROUNDTABLE PLOTS ROAD TO SMART REAL ESTATE RECOVERY AMID COVID-19

Invest-Gate's first virtual roundtable dug deep trenches into the Egyptian property scene amid the COVID-19 outbreak, tapping the knowledge and experience of local real estate gurus and creating a blueprint of smart solutions fit for real estate recovery and a future beyond the current crisis.



KHALED ABBAS
DEPUTY MINISTER OF HOUSING,
UTILITIES, AND URBAN
COMMUNITIES FOR NATIONAL
PROJECTS

“DIGITAL TRANSFORMATION BECAME A REALITY IN THE TIME OF CORONAVIRUS AND THE MINISTRY OF HOUSING ENDEAVORS TO JOIN FORCES WITH LOCAL REAL ESTATE DEVELOPERS TO SEAMLESSLY ADAPT TO THESE SUDDEN CHANGES IN CUSTOMER EXPERIENCE AND SATISFACTION.”

Held on May 17, under the title “Smart Real Estate Market Amid COVID-19,” the first-of-its-kind event was moderated by Mena Group Founder Eng. Fathallah Fawzy and co-moderated by Invest-Gate’s Managing Partner Eng. Mohamed Fouad. The one-hour roundtable witnessed the participation of Deputy Minister of Housing, Utilities, and Urban Communities for National Projects Khaled Abbas.

Speaking of the current downturn, Abbas emphasizes close collaboration between real estate developers, along with the housing ministry, in building probable recovery scenarios and discussing the winning strategies to maintain a healthy property market, namely through leveraging technology and smart solutions in responding to crisis times.



HISHAM SHOUKRI
ROOYA GROUP
CHAIRMAN AND CEO

“THE MANY ADVANTAGES OF HAVING A REMOTE WORKFORCE INCLUDE THE SIGNIFICANT REDUCTION OF REAL ESTATE NEEDS (OR OFFICES) AS ONLY A HANDFUL OF VITAL STAFFERS WILL BE REQUIRED ON-SITE, ALONGSIDE SLASHING COSTS RELATED TO OPERATING AN OFFICE SPACE, HENCE GENERATING PROFITS AND SECURING REVENUE STREAMS WITH FEWER COSTS.”

“Digital transformation became a reality in the time of Coronavirus and the Ministry of Housing endeavors to join forces with local real estate developers to seamlessly adapt to these sudden changes in customer experience and satisfaction,” the official elaborates.

Other participating leaders include Rooya Group Chairman and CEO Eng. Hisham Shoukri, Iwan Developments CEO Eng. Waleed Mokhtar, Mountain View Chairman Eng. Amr Soliman, Tatweer Misr President and CEO Dr. Ahmed Shalaby, Tabarak Developments CEO Mr. Ali El-Shorbany, and Lotus Management Chairman and CEO Mr. Amr M. Aboualam.

For starters, market gurus agree that the Coronavirus crisis accelerated efforts to digitize their businesses. According to Shalaby, digital marketing and virtual sales have proven to be essential ingredients for maintaining demand amidst the uncertainties. He explains that the most recent past period saw an increasing number of online campaigns released by local real estate developers to boost virtual sales and efficiently market their projects to end-users, with deals sealed remotely via bank transfers or cheques.

“For the Ministry of Housing, Beit Al Watan is an on-ground application of the online reservation and virtual sales concept. After six years of implementation through a trial-error process, the New Urban Communities Authority (NUCA) came up with a fine-tuned system to successfully sell housing units to Egyptians abroad and efficiently run the first-of-its-kind program,” Abbas continues.



AMR SOLIMAN
MOUNTAIN VIEW
CHAIRMAN

“HARMONIZATION REPRESENTS AN IMPORTANT PILLAR FOR THE APPLICATION OF DIGITAL REAL ESTATE TECHNOLOGIES. THESE SMART SOLUTIONS SHOULD BE ADOPTED IN A WAY THAT ACHIEVES AND SUSTAINS HARMONY BETWEEN BUSINESS AND INFORMATION TECHNOLOGY (IT).”

Similarly, Lotus Management’s Aboualam elucidates that the demand for virtual real estate services (i.e. augmented reality (AR), 360° virtual panoramic tours, etc.) is forcefully surging in Egypt more than ever before, though it has been the new standard to boost return on investment (ROI) in various regional and international countries for a couple of years now. The integration of AR and virtual reality (VR) in practice can help realtors tell a more compelling visual narrative about what a property can become, hence speed up the closing process and fine-tune the number of clients.

Aboualam stresses, “This should also push through the emergence of escrow accounts, blockchain technologies, and other smart real estate solutions ... Egypt holds the capabilities and infrastructure needed to launch such services, but it requires the willingness and knowledge of developers to handle such technologies.”

This comes in tandem with engaging employees in remote work, with an upward trend of work-from-home flexibility. Accordingly, real estate companies felt motivated to invest in technology and smart ways to enhance and pioneer the alternative workplace (AW). The many advantages of having a remote workforce include the significant reduction of real estate needs (or offices) as only a handful of vital staffers will be required on-site, alongside slashing costs related to operating an office space, hence generating profits and securing revenue streams with fewer costs, says Shoukri.

“AS EGYPT’S PROPERTY SECTOR MODIFIES TO APPROACH DIGITAL TRANSFORMATION NEEDS, THE CURRENT CONDITIONS WILL OPEN UP NEW HORIZONS OF MARKETING STRATEGIES THAT WILL RESPOND TO CHANGES IN CUSTOMER PERCEPTIONS AND DEMAND, WHILE ALSO DEFINING A WHOLE NEW RAFT OF REAL ESTATE PRODUCTS THAT ADDRESS SUCH ADJUSTMENTS.”



WALEED MOKHTAR
IWAN DEVELOPMENTS
CEO

However, Mountain View’s Soliman notes that harmonization represents an important pillar for the application of digital real estate technologies. He points out that such technologies and smart solutions should be adopted in a way that achieves and sustains harmony between business and information technology (IT).

As for the building site warriors, Abbas reckoned that the cooperation with contracting companies, which are currently executing an array of ongoing private projects in new cities, should be on top of the agenda. He asserts that contractors currently play an important role in the real estate sector by setting labor activity at job sites, including precautionary measures taken to avoid the virus’ spread and this is an important factor for consideration at the moment.

Soliman reveals that Mountain View, together with the help of the former director of the Egyptian chemical-weapon warfare program, had worked on a protocol for occupational safety and health, which was sent to the government as a model for all concerned bodies, in an attempt to provide ultimate protection in workplaces and construction sites. Besides, office boys were trained on the proper use of the COVID-19 safety and precautionary measures, working their way up to safety officers, the chairman elaborates.



ALI EL-SHORBANY
TABARAK
DEVELOPMENTS
 CEO

“AS THE EGYPTIAN PROPERTY SECTOR GRAPPLES WITH VIRUS FALLOUTS, CONSTRUCTION MATERIALS DEMONSTRATED THE GREATEST LEVEL OF RESILIENCE DURING THIS CHALLENGING TIME, WITH NO ABSOLUTE CHANGES IN VALUE. THEREFORE, REAL ESTATE PRICES ARE EXPECTED TO REMAIN STABLE IN THE SHORT TERM, DESPITE THE CHANGE IN DEMAND.”

Tatweer Misr also completed 70–80% of construction works at projects’ sites, continuing to work under new safety guidelines and precautionary measures to guard against Coronavirus, Shalaby pinpoints, calling on other real estate companies to follow suit. “This translates into additional costs on the developers’ shoulders, but it will definitely lead to the best results in terms of adhering to the implementation plans and timelines,” he states.

When asked about Egypt’s business climate after the storm passes, Tabarak Developments’ CEO indicates, “Coronavirus is game-changing for Egypt’s real estate map. For instance, demand for administrative and office spaces will take a hit as working from home becomes new normal.”

“As the Egyptian property sector grapples with virus fallouts, construction materials demonstrated the greatest level of resilience during this challenging time, with no absolute changes in value. Therefore, real estate prices are expected to remain stable in the short term, despite the change in demand,” El-Shorbany uncovers.



AHMED SHALABY
TATWEER MISR
 PRESIDENT AND CEO

“TATWEER MISR COMPLETED 70-80% OF CONSTRUCTION WORKS AT PROJECTS’ SITES, CONTINUING TO WORK UNDER NEW SAFETY GUIDELINES AND PRECAUTIONARY MEASURES TO GUARD AGAINST CORONAVIRUS.”

Iwan Developments’ Mokhtar believes that the COVID-19 health emergency clearly identified the inadequacy of medical components within residential communities, which was also one of the obstacles to real estate export. “With this in mind, Egypt’s property industry is set to witness an unprecedented boom in medical developments and hospitals in the near future,” he affirms.

“As Egypt’s property sector modifies to approach digital transformation needs, the current conditions will open up new horizons of marketing strategies that will respond to changes in customer perceptions and demand, while also defining a whole new raft of real estate products that address such adjustments,” the CEO elaborates.

Interestingly, Shoukri sees a new wave of e-commerce transformation across Egypt, which will drive the emergence of new trends in the local retail market. In fact, shopping malls and commercial centers will have to evolve to increase the leisure component, alongside the incorporation of new technologies to connect with a digitally savvy consumer.

Sharing the same sentiment, Shalaby highlights the e-commerce boom will certainly bring on higher demand for warehouses and logistic projects, providing that these will be products of interest to real estate developers and investors alike.

“EGYPT HOLDS THE CAPABILITIES AND INFRASTRUCTURE NEEDED TO LAUNCH SMART SERVICES SUCH AS BLOCKCHAIN TECHNOLOGIES, NOT TO MENTION DIGITIZING THE REAL ESTATE MARKET, BUT IT REQUIRES THE WILLINGNESS AND KNOWLEDGE OF DEVELOPERS TO HANDLE SUCH TECHNOLOGIES.”



AMR M. ABOUALAM
LOTUS MANAGEMENT
 CHAIRMAN AND CEO

For now, the current slowdown can be useful to study and adapt to the new market conditions. Real estate developers need to revisit the components of current residences and get creative with space-efficient solutions for space-challenged residential units. Coronavirus made consumers comprehend the need to take full advantage of areas, thereby demanding much functional, yet spacious, properties.

Furthermore, property developers and investors will be particularly zealous in investing in areas other than Cairo, especially in Upper Egypt and the Nile Delta, as part of their diversified asset portfolios which should remain healthy despite uncertainties. All in all, El-Shorbany justifies that the government’s role in the real estate market is unequivocal now more than ever for riding out the storm.

The first-of-its-kind event was being sponsored by Mountain View, Rooya Group, Iwan Developments, Tabarak Developments, and City Edge Developments, alongside Economy Plus as a media partner, working closely with Invest-Gate to develop solutions to the COVID-19 challenges and answer questions of all concerned with the local real estate industry.

INVEST-GATE RELEASES RECOMMENDATIONS FOR SMART REAL ESTATE MARKET POST-PANDEMIC

Invest-Gate wrapped up its first virtual roundtable on May 17, titled "Smart Real Estate Market Amid COVID-19," tapping the knowledge and experience of local real estate gurus and creating a blueprint of smart solutions fit for real estate recovery and a future beyond the pandemic. In this light, roundtable members conclude recommendations as follows:

Regarding Digitization & Technological Development:

- Real estate companies should highly invest in strong networks and smart solutions as the first requirement for successful digital transformation.
- Businesses should adapt to cutting-edge working-from-home technologies to allow the workforce to remotely operate and efficiently maintain productivity.
- Smart solutions should be by default present at all real estate developments as information technology (IT) became a need, rather than a want, by all family members that study, work, or communicate remotely.
- Digital marketing needs to gain ground among property companies to boost virtual sales and efficiently market their projects to end-users, with deals sealed remotely via bank transfers or cheques.
- Virtual real estate sales should be handled by a third party to ensure the efficient continuity and functionality of such platforms, thereby providing more time to monitor financial transactions properly.
- Developers should maintain demand for virtual real estate services (ex: augmented reality (AR), 360° virtual panoramic tours, etc.) as it creates a digital recreation of properties, wherein speeding up the closing process and fine-tuning the number of clients.
- There needs to be a push through the emergence of escrow accounts, blockchain technologies, and other smart real estate solutions.

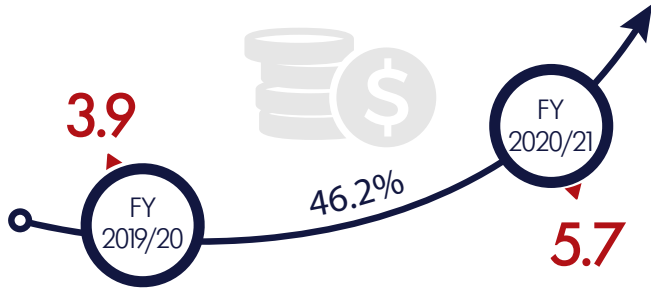
Regarding Crisis Times:

- Close collaboration between real estate developers, along with the housing ministry, is required in building probable recovery scenarios and discussing the winning strategies to maintain a healthy property market.
- Real estate developers need to revisit the components of current residences and get creative with space-efficient solutions for space-challenged residential units. The pandemic made clients comprehend the need to take full advantage of areas, thereby demanding much functional, yet spacious, properties.
- Medical developments and hospitals should be present within residential communities as a basic component, which will push eventually through real estate export.
- Site workers should follow a strict safety protocol, articulated by real estate companies and certified by the housing and health ministries, in a bid to combat infection spread.
- Developers need to define a whole new raft of real estate products that address the changes in consumer preferences, including the provision of warehouses and logistic developments.
- With e-commerce on the rise, leisure and entertainment products should forge ahead to revive demand for retail developments.
- Property developers and investors need to start investing in areas other than Cairo and the North Coast, and move toward Upper Egypt and the Nile Delta instead, as part of their diversified asset portfolios which should remain healthy despite uncertainties.
- Companies should adopt technology innovations for financial inclusion, so as to pump liquidity into target markets, hence the development of the real estate market.
- Regulations and registration of real estate properties should be streamlined, together with the utilization of top-of-the-line marketing strategies, to generate more recurring revenue streams out of real estate export.
- Real estate companies must join forces to make collective decisions; change cannot be individual.

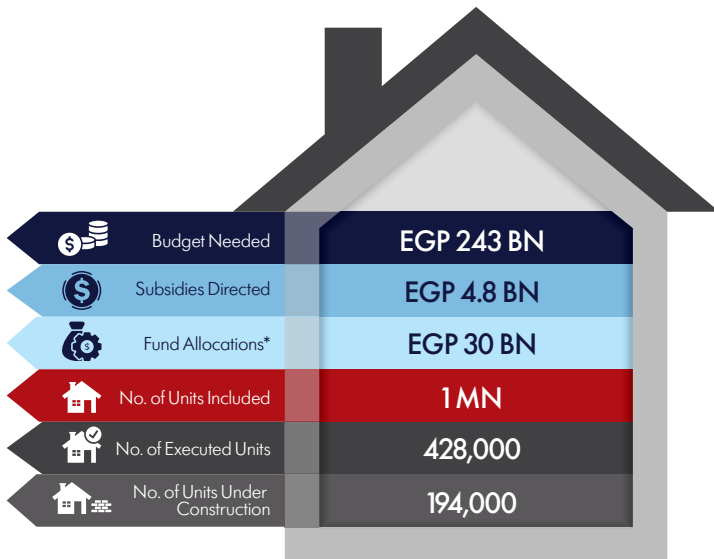
GOV'T PLANS ON COURSE AMID COVID-19 OUTBREAK



SOCIAL HOUSING SUBSIDIES IN FY 2020/21 BUDGET DRAFT (EGP BN)



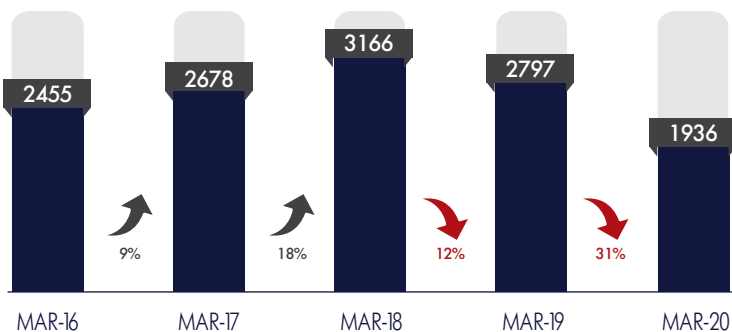
SOCIAL HOUSING PROGRAM



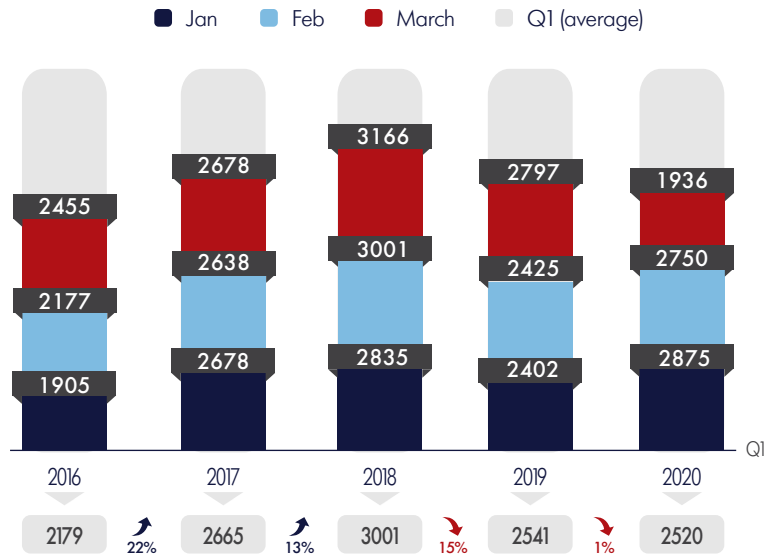
*28 Banks & Mortgage Companies



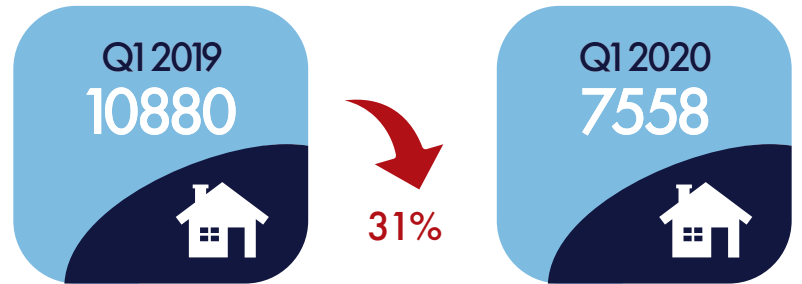
M-O-M REAL ESTATE DEMAND INDEX (POINTS)



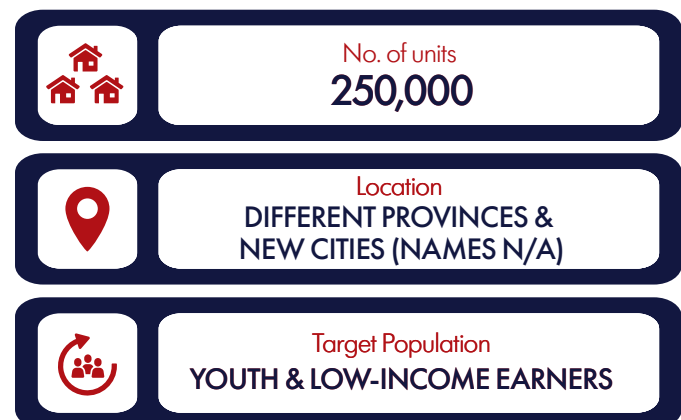
REAL ESTATE DEMAND INDEX (POINTS)



TRADING VALUE OF REAL ESTATE SECTOR (EGP BN)



NEW SOCIAL HOUSING UNITS (UNDER DISCUSSION)





NEW URBAN & INVESTMENT PROJECTS



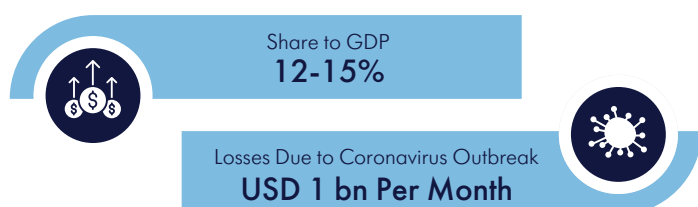
NEW CITIES DEVELOPMENT



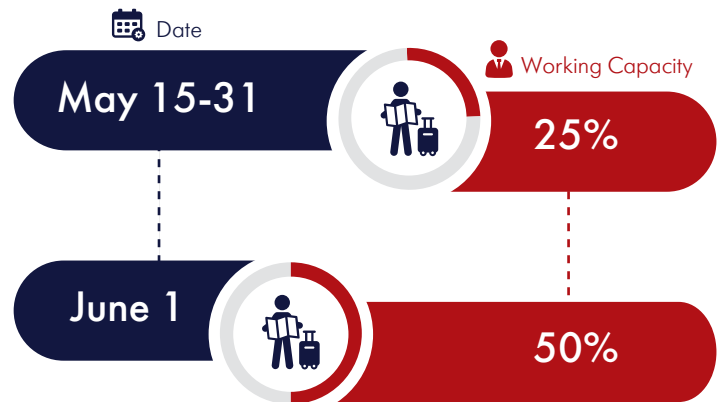
SLUM AREAS DEVELOPMENT



EGYPTIAN TOURISM SECTOR



DOMESTIC TOURISM: HOTELS REOPENED

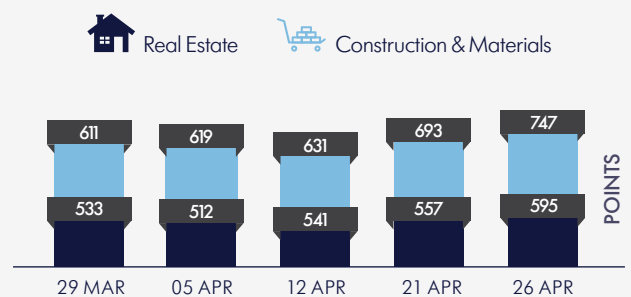


PRICES OF CONSTRUCTION MATERIALS (APRIL 2020) (EGP)

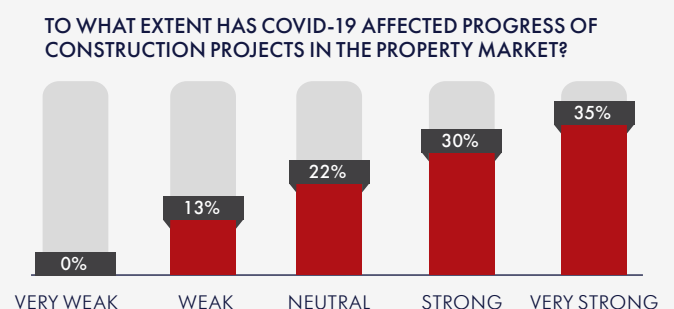
STEEL BARS (per ton)	CRETAL STEEL (per ton)	PORTLAND CEMENT (per ton)	COARSE SAND (per sqm)
9,600 (YOY -17.6%)	9,800 (YOY -21.6%)	820 (YOY -3.5%)	70 (YOY 7.7%)
SOLID CEMENT BRICKS (per 1,000 bricks)		BRICK HOLLOW CONCRETE (40x20x12 cm) (per 1,000 bricks)	
1,100 (YOY 3.8%)		5,200 (YOY 4%)	



REAL ESTATE & CONSTRUCTION STOCK MARKETS INDEXES PERFORMANCE IN EGYPT (2020)



ONLINE MONTHLY SURVEY (%)



Sources: Ministry of Housing, Utilities & Urban Communities, Slum Development Fund, Cabinet, EGX & Invest-Gate R&A

NEW CITIES UPDATE



NEW ADMINISTRATIVE CAPITAL (NAC)

Progress across National Projects



CABINET BUILDING



Area
18.7 Acres



Height
29 Meters

Supply Volume



Lower Ground Floor



Ground Floor



3 Other Stories

Skeleton Frame

Done ✓

Buildings

Done ✓

Façade

98% Finished

Status

Electromechanical Networks

95% Finished



CENTRAL PARK COMPLEX



Total Area
1,000 Acres



No. of Phases
3
(CP 01, CP 02 & CP 03)

CP 01



Area
375 Acres

Supply Volume



Outdoor Green Spaces



Several Projects Including Islamic Garden & Integrated Resort

CP 02



Area
306 Acres

Supply Volume



Open Walking Areas



Heritage Garden



Recreational Areas



Open Theater

CP 03



Area
309 Acres

Supply Volume



Outdoor Spaces



Kids Park



Library



Entertainment/Sports Club



R3 RESIDENTIAL PROJECT



Completion Rate
84%



Area
1,000 Acres



No. of Neighborhoods
8

#	Implementation Rate	No. of Residential Units
1st	Done	3,104
2nd	70%	Ready: 3,920
3rd	65%	Ready: 2,324
4th	75%	Ready: 274
5th	70%	Ready: 211
6th	N/A	N/A
7th	70%	Ready: 3,160
8th	Done	3,896



ICONIC TOWER



Current Height
358.8 Meters



Tubular Structure Height
150 Meters

Supply Volume



Commercial Units



Administrative Units



5-Star Hotel

6TH OF OCTOBER CITY

New Commercial Mall (Name N/A)

Location
El Wahat Road

Area
11,000 m2

Supply Volume

- Service Areas
- Grocery Stores
- Cafes
- Parking Spots
- Restaurants
- Markets

NEW ALAMEIN

Al Alamein International University

Location
New Alamein

Area
141 Acres

Status
New Urban Community Authority (NUCA)
Approved Strategic Plan for Building

REHAB EXTENSION PROJECT (PHASE IX)

Location
New Cairo

No. of Residential Units Offered
238

Reservation Method
Online as of March 15

Down Payment
EGP 100,000

Payment Method
Installments

NEW SPHINX CITY

Location
Cairo-Alexandria Desert Road

Developer
NUCA

Current Status
NUCA to Finalize Strategic Plan Within 2 Months

JANNA

Location
6 New Cities
6th of October, Sheikh Zayed, New Cairo,
New Mansoura, New Damietta & Shorouk Cities

No. of Residential Units Offered
1,359

Reservation Method
Online as of April

Down Payment
EGP 50,000

Payment Method
Installments

DAR MISR

Location
5 New Cities
15th of May, Sadat, 10th of Ramadan, Badr
& New Borg El Arab Cities

No. of Residential Units Offered
1,061

Reservation Method
Online as of May 3

Down Payment
EGP 50,000

Payment Method
Installments

SAKAN MISR

Location
8 New Cities
New 6th of October, Obour, New Cairo, New Mansoura,
Badr, Nasser (East Assiut), New Minya & East Gena Cities

No. of Residential Units Offered
2,662

Reservation Method
Online as of May 10

Down Payment
EGP 50,000

Payment Method
Installments

Source: 6th of October City Development Center, New Urban Community Authority (NUCA) & Ministry of Housing, Utilities & Urban Communities

PRIVATE REAL ESTATE PROJECTS UPDATE



CONSTRUCTION AWARDS

<p>Etapa II</p>	Developer City Edge Developments & Gama Construction	Location Sheikh Zayed, West Cairo	Area 77 Acres	No. of Residential Units 493	
	Contracting Purpose Gama to Carry Out Construction Works	Construction Duration 12 Months	Delivery Date 2021	Award Value EGP 138 mn	
	Supply Volume	Villas		Apartments	
<p>ZED Towers</p>	Developer Ora Developers & Orascom Construction	Location Sheikh Zayed, West Cairo	Area 165 Acres	No. of Residential Units 600	
	Contracting Purpose Orascom Construction to Build Phase I	Construction Duration 35 Months	Delivery Date 2023	Award Value EGP 1 bn	
	Supply Volume	Apartments	Parking Spaces	Commercial Mall	
<p>Others</p>	Developer El Attal Holding's Unit Attcon Constructions	Date Q1 2020	Award Value EGP 400 mn		
	Projects			Location	
	Two Residential Developments			NAC	
	Infrastructure Projects			New Cairo	
Construction Works for Banks & Foreign Embassies			N/A		



PROJECTS UNDERWAY

<p>Kenz Compound</p>	Developer First Group Developments	Location October Gardens, West Cairo	Area 30 Acres	No. of Residential Units 1,350
	Delivery Date June 2021	Plan Market Entire Project in 2020	News	Sold 60% of Phase IV Payment Method: Installments 1st Installment in 2021 25% Upfront
<p>Castle Landmark</p>	Developer Castle Development	Location R7 District, NAC	Area 43 Acres	No. of Residential Units 1.800
	Delivery Date 2022	Investments EGP 5 bn	Plan Build 40% of Phase I in 2020	News Paying off EGP 170 mn to the ACUD
<p>iCity</p>	Developer Mountain View & NUCA	Location New Cairo	Area 500 Acres	No. of Residential Units 18.000
	Plan Delivery of Phase I No. of Residential Units: 1,200 Delivery Date: H2 2020			News Building Phase I
<p>Galleria</p>	Developer Arabia Holding	Location New Cairo	Area 71 Acres	No. of Residential Units 2,000
	Plan Offer More Mid-Range Units in the Future	News	Presenting Over 100 Fully-Finished Units Under the CBE's Initiative to Fund Mid-Range Housing Unit Areas: 125-150 m2 Prices: EGP 2.25 mn & Below	

Source: Developers' Official Statements



PROJECTS UNDERWAY



Skyline

Developer

Memaar Al Morshedy

Location

Katameya, East Cairo

No. of Residential Units

13,500

Delivery Date
2022

Plan
Release Phase II, or 3,000 units, in 2020

News
Sold 4,000 Units Since Launching



NEW RESIDENTIAL PROJECTS



Lake West (Phase I)

Developer

Cairo Capital Developments

Location

Sheikh Zayed, West Cairo

Area

22 Acres

Launching Date
April 2020

Delivery Date
2021

Supply Volume

No. of Residential Units
120

Unit Areas
265-500 m²

Prices
EGP 3.5 mn & Above

Villas Only

Green Spaces/Landscapes

Service Areas



Zahra (Phase I)

Developer

Memaar Al Morshedy

Location

Sidi Abdel Rahman

Area

900 Acres

Launching Date

May

Supply Volume

No. of Residential Units
2,000

Unit Areas
60-200 m²

Prices
EGP 1.48 mn & Above

Twinhouses

Chalets

Kids Areas

Townhouses

Villas

Commercial Mall

Entertainment Services

Green Spaces/Landscapes



New Project
(Name N/A)

Developer

First Group Developments

Location

Sheikh Zayed, West Cairo

Area

40 Acres

Launching Date
H2 2020

Payment Method
Installments up to 10 Years

Delivery Date
2023

Supply Volume

Villas Only



NEW COMMERCIAL PROJECTS



Kaya Plaza

Developer

First Group Developments

Location

**Cairo-Fayoum Main Road,
6th of October City**

Area

12,000 m²

Units Area
50-250 m²

Delivery Date
Before 2022

Supply Volume

Administrative, Commercial & Medical Units



Kazan Plaza

Developer

First Group Developments

Location

**6th of October City,
West Cairo**

Area

16,000 m²

Units Area
58-120 m²

Delivery Date
2022

Supply Volume

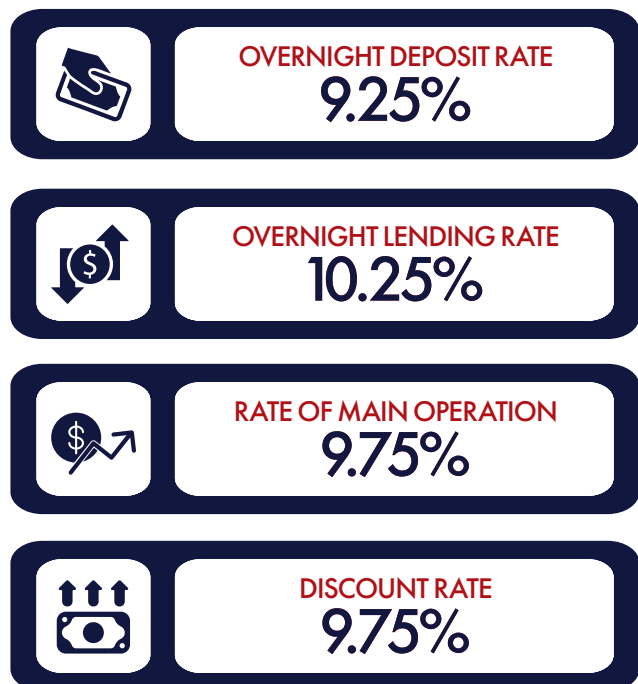
Administrative, Commercial & Medical Units

Source: Developers' Official Statements

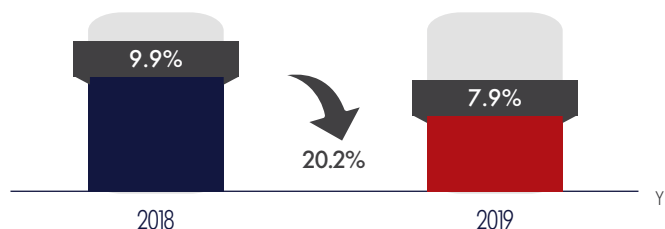
ECONOMIC SNAPSHOT



INTEREST RATES



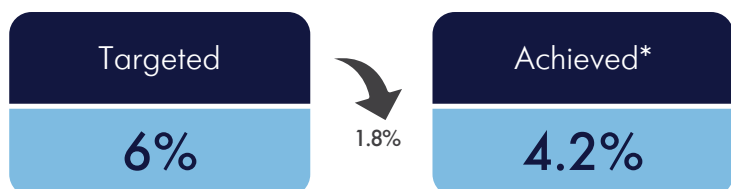
UNEMPLOYMENT RATE



*Because of Coronavirus Spread



GDP GROWTH RATE IN FY 2019/20



*Due to Coronavirus Outbreak



ANNUAL HEADLINE INFLATION



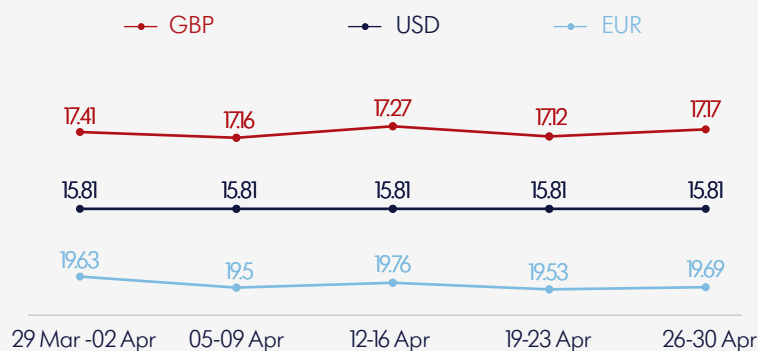
NET INTERNATIONAL RESERVES (USD BN)



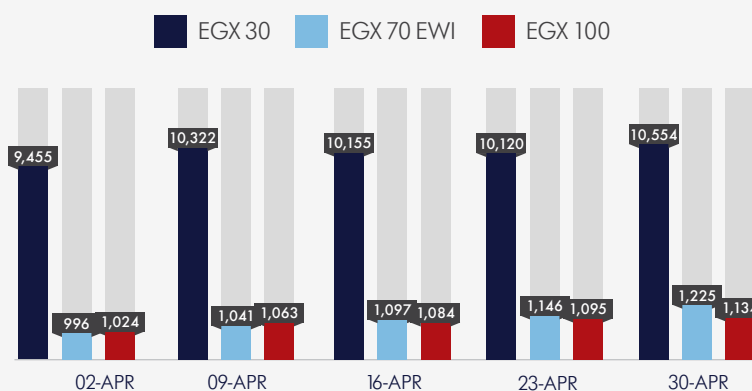
PURCHASING MANAGERS' INDEX (PMI)



Exchange Rates



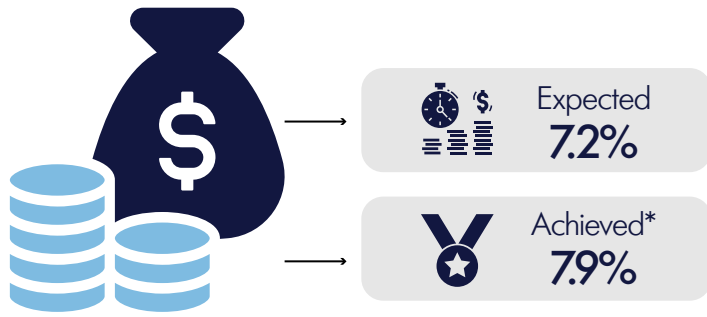
CAPITAL MARKET INDICATORS



Sources: Central Bank of Egypt (CBE), Central Agency for Public Mobilization & Statistics (CAPMAS), IHS Markit, EGX & Cabinet



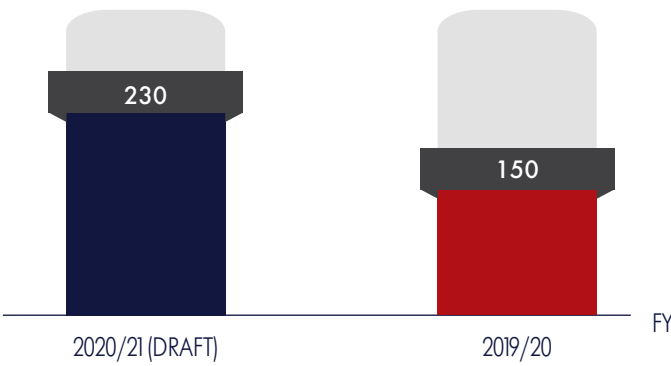
FY 2019/20 BUDGET DEFICIT



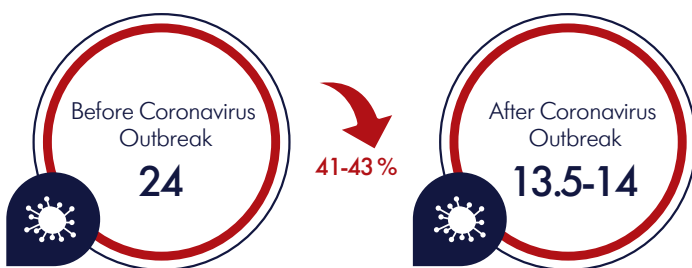
*Due to Coronavirus Outbreak



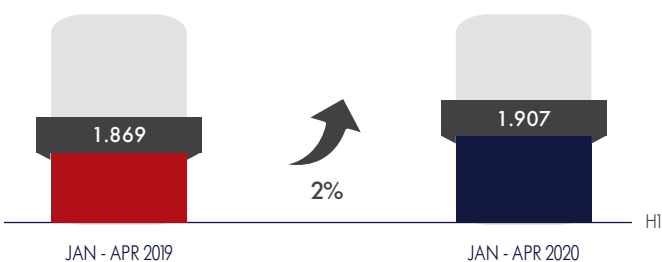
INVESTMENT BUDGET (EGP BN)



FOREIGN INVESTMENTS IN GOVERNMENT'S DEBT INSTRUMENTS (USD BN)



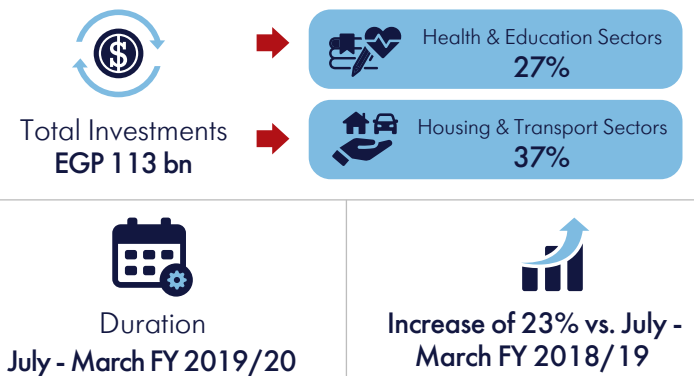
SUEZ CANAL REVENUES (USD BN)



PUBLIC INVESTMENTS (FY 2014/15 - FY 2019/20)



GOVERNMENT INVESTMENTS

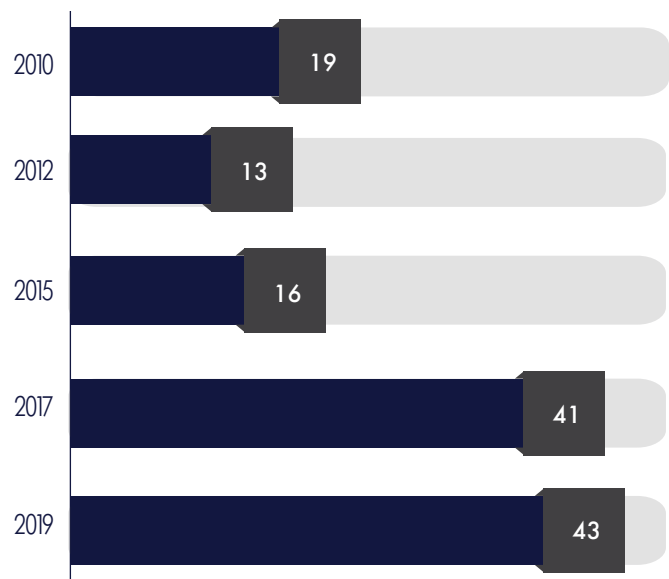


BUDGET TRANSPARENCY INDEX*



Egypt Ranks **61** out of **117** countries

Transparency Score**



*This Index ranks countries based on their budgets transparency

**Global Average is 45 out of 100

**Benchmark= 61

FULL ANALYSIS

FACTS

& FIGURES

GOV'T PLANS ON TRACK DESPITE CORONAVIRUS WOES

BY **DINA EL BEHIRY**

No country has been spared by the Coronavirus pandemic, which has been crushing the world since late 2019. While focusing on its impacts on Egypt's real estate sector and demand cycle, it is worth noting that the industry, highlights Aqarmap's real estate demand index, saw a drop of 1% in Q1 2020 versus the year-ago period. On a month-on-month basis, the property market had its toughest decline in the first quarter ended March 31, where demand shrank by 31% compared with the prior-year period, hitting a five-year low. Not only that, but the outbreak resulted in a deterioration in real estate stock-market values on the Egyptian Exchange (EGX) by 31% in the first three months of this year, in comparison to Q1 2019.

In efforts to reinforce the Egyptian property industry, the government directed more subsidies to social housing in the FY 2020/21 budget draft, up 46.2% to log EGP 5.7 bn from EGP 3.9 bn in the previous fiscal year's budget. Yet, the Social Housing Program demands almost EGP 243 bn for implementation, under which 1 mn units will be established, according to Minister of Housing, Utilities, and Urban Communities Assem El Gazzar. So far, approximately 41% of the project was executed, where 194,000 apartments are under construction at a completion rate of 19%, he recently uncovered.

Additional steps are being taken by the Ministry of Housing as it helps the local real estate sector bounce back after COVID-19 disruption, including the establishment of new cities and housing units. In April, El Gazzar deliberated building 250,000 new social housing units for youths and low-income earners. Moreover, he passed ministerial approvals for the urban design and planning of 25 integrated urban and investment projects, which will contribute to creating 100,000 jobs and securing EGP 100 bn worth of investments into the Egyptian property market. Besides, the minister signed off on the foundation of four new cities in Q1 2020, namely New Fashn, New Malawi, New 6th of October, and New Qena Expansions.

With an eye on Egypt's tourism sector, which is already bearing monthly losses of almost USD 1 bn (EGP 15.8 bn) due to the Coronavirus hit, the government has allowed hotels to reopen for domestic tourists under specific conditions, with 25% occupancy limit until May-end, albeit extended to 50% as of June 1. Indeed, only hotels that are strictly implementing the composed safety precautionary measures will be qualified and permitted to resume operations, in a bid to combat the infection spread across the board.

Equally noteworthy is the fact that in spite of the constraints that COVID-19 is imposing on all levels, the Ministry of Housing is right on cue, continuing to offer new affordable houses nationwide in due course. The month of May started out with the ministry kicking off the online reservation for residential units in Dar Misr, Sakan Misr, and JANNA project across various new cities.

Private Sector Follows Suit

Interestingly, major private property developers spare no efforts in continuing their plans. For construction awards. City Edge Developments (CED), for example, has awarded Gama Construction an EGP 138 mn contract to perform construction works of Etapa's phase II. Nevertheless, Ora Developers agreed on yet another project in west Cairo's Sheikh Zayed, inking an EGP 1 bn contract with Orascom Construction to carry out building works of ZED Towers' phase I. Besides, El Attal Holding's unit Attcon Constructions won awards worth EGP 400 mn to execute two residential developments, owned by governmental bodies, in the New Administrative Capital (NAC), alongside some infrastructure projects in New Cairo and construction works for many banks and foreign embassies nationwide.

Beyond that, many projects are still ongoing such as First Group Developments' Kenz Compound, which is planned to be delivered before year-end, in addition to Castle Developments' plans to build 40% of Castle Landmark's phase I in 2020. Moreover, Mountain View, in collaboration with the New Urban Communities Authority (NUCA), aims to deliver iCity's phase I in H2 2020, whilst Memaar Al Morshedy intends to release Skyline's phase II during the same year. Arabia Holding has also released over 100 fully-finished units in Galleria, under the Central Bank of Egypt's (CBE) initiative to fund mid-range housing.

Concerning new projects, Memaar Al Morshedy's Zahra is scheduled to see the launching of phase I in May, which is located in Sidi Abdel Rahman. Also, Cairo Capital Developments endeavors to deliver the first phase of Lake West in 2021, leaving out that First Group will launch a new residential project in Sheikh Zayed in H2 2020 and is planned for delivery three years later. Not only that, but the latter developer is also proceeding with the execution of two commercial projects to be handed over in 2022, called "Kaya Plaza" and "Kazan Plaza."

Economic Status

To be brutally honest, the Coronavirus outbreak has been provoking severe economic turmoil and raising fears of a collapse of Egypt's hard-won macroeconomic stability. When assessing the GDP growth figures in light of the current crisis, it appears that the government reduced its GDP growth target to 4.2% from a previous target of 6%. Adding to that, the budget deficit to GDP reached 7.9%, instead of the targeted 7.2%.

Thanks to the economic repercussions of the COVID-19 outbreak, net international reserves registered almost USD 37 bn in April, down from USD 40.1 bn in the previous month. This is because the CBE used about USD 3.1 bn of its reserves to accommodate for the domestic market's foreign currency needs to import strategic goods, as well as for the repayment of external debt service obligations, Finance Minister Mohamed Maait recently announced.

Being one of the most devastating disasters to date, the pandemic caused inflation rates to spike, hitting 5.9% in April versus 5.1% in the previous month, on the back of price increases and the Ramadan season. Likewise, the IHS Markit's Purchasing Managers' Index (PMI) sank from 44.2 in March to an historic low of 29.7 in the following month. This is seen as an aftermath of imposing curfews and instituting restrictions on businesses, which resulted in job losses and drove unemployment rates to hit 9.2% in April. On top of that, foreign investments in debt instruments are now between USD 13.5-14 bn, dipping by 41-43% from USD 24 bn, after the exit of funds from the country during the last three months.

Given the current economic climate, the CBE's monetary policy committee (MPC) kept the current key policy rates unchanged, in an attempt to achieve an inflation rate of 9% in Q4 2020. Along the same lines, the government vows to bolster real estate development and contracting sectors, boosting the proposed investment budget for FY 2020/21 to EGP 230 bn, up from EGP 150 bn in the previous fiscal year's budget.

On the bright side, Egypt ranks 61 out of 117 countries in the International Budget Partnership's (IBP) Open Budget Survey 2019, which measures the state of budget transparency. After sustaining the 65th position since 2017, the North African nation scored positive by virtue of the Ministry of Finance's commitment in providing access to data through its publication of the citizen's budget and pre-budget statements.

COVID-19 IMPACT ON EGYPT'S CONSTRUCTION SECTOR

BY **DINA EL BEHIRY & AYA RADY**

In the blink of an eye, Coronavirus has wreaked havoc on the world. Like a whipsaw, a domino effect of closures began grinding the local and international markets to a halt, impacting every facet of Egyptian life. As the outbreak cripples a myriad of industries to varying degrees, it also delivers a harsher wallop to the construction industry, which is linked to more than 200 subsectors, from cement and ready-mixed concrete to bricks and machinery, and a large share of domestic employment.

Prior to the COVID-19 calamity, leading data and analytics company GlobalData had foreseen an acceleration in the pace of growth in the global construction industry, but given the severe disruption in China and other leading economies worldwide following the outbreak, the forecast for growth has now been revised down to 0.5% in 2020 (from 3.1% previously).

Further exacerbating the situation is the fact that this crisis will hit global construction harder than the 2008 economic collapse, whereas production may shrink by more than 15%, according to the Economic Institute for the Building Industry (EIB).

Case in point: Construction work of Italy, the worst-affected nation in terms of COVID-related deaths, is in a dire state. In the country's worst affected region, Lombardy, all work on building sites has been paralyzed, apart from those carrying out hospitals, roads, and railways.

Egypt is no exception. As measures to curb the virus spread are put in place nationwide, operations of building businesses got hammered out, including schedule delays, workforce disruptions, equipment and supply chain disruptions, reduced productivity due to on-site health and safety protocols (i.e. social distancing, staggering of work, enhanced sanitation, etc.), restrictions on new permits, and financial shortfalls or cash flow stagnations, according to the AmCham Egypt's recent research note, dubbed "Impacts of COVID-19 on Egypt's Economy."

Nevertheless, in response to the current circumstances, the Egyptian government has overdue the inauguration of a number of national megaprojects and new cities to 2021, instead of this June.

However, work remains underway for both public and private developments, not to mention that national transport and infrastructure projects are also proceeding as a state priority. In the New Administrative Capital (NAC), for example, construction is spurring forward in full swing, with work being stretched over two shifts and a 70% labor force present on-site, according to Reuters.

Aside from ensuring productivity, Egypt is looking at safeguarding local construction activities, which employ more than 10 mn workers and produce almost 6% of the country's total economic output. This is because the North African nation depends heavily on foreign funding for construction and infrastructure projects, which can be pressured on the back of the current circumstances.

In fact, the virus is already causing slight turmoil in the Egyptian economy, where the Gross Domestic Product (GDP) growth rate hit 5% in Q3 2019/20, down from the targeted average of almost 6%. Construction, among other sectors, contributed to about 50% of the gains, Minister of Planning and Economic Development Hala El Saeed officially confirmed in a recent meeting.

Equally noteworthy to mention that the demand for real estate, which is heavily associated with the building industry, was hit hard due to the outbreak, which created a case of economic uncertainty, taking into consideration that the sector's annual contribution to GDP ranges between 10-15%.

On the brighter side, despite the drawbacks, many Egypt-based developers and contractors spared no effort in standing strong in the face of Coronavirus and did not postpone project deliveries. This comes alongside the strict adoption of the health and safety precautions issued by the government to protect the workforce, while also handing over planned developments in due time.

Policies to Combat the Pandemic

Speaking of decision-making under conditions of uncertainty, a slew of government-dictated policies and measures are coming into focus to help cushion the blow to businesses in Egypt, specifically for the construction sector.

After cutting/postponing tax payments and slashing interest rates by 300 basis points, the state, along with the Central Bank of Egypt (CBE), has earmarked over EGP 100 bn in the efforts to reinforce the economy, encourage private sector and industrial growth, and reduce cost pressure hitting various sectors. More significantly, the initiative's base of beneficiaries has recently been broadened to include contractors with an annual turnover of at least EGP 50 mn.

Furthermore, Ministry of Housing, Utilities, and Urban Communities has promised to disburse EGP 3.8 bn in arrears to contractors to help pay salaries and expedite construction, specifically in national projects. The jurisdiction also granted a six-month extension for contractors to finish the ongoing construction of national and government projects across the country.

Other shelter-in-place measures include the extension of an EGP 500 monthly grant to irregular workers, with 1.6 mn people benefiting from the first batch. Besides, pensioners will get five overdue bonuses at a rate of 80% of the basic salary, in addition to a 14% annual bonus starting from FY 2020/21, as highlighted in an earlier official statement.

Real Imprint on Contractors

Being under the wave of the pandemic, the construction chunk of the property sector is affected in a way or another. Digging deep in the influence extent, Invest-Gate R&A team recently surveyed 18 construction companies in Egypt to gauge the extent to which they have been subject to the impact of Coronavirus.

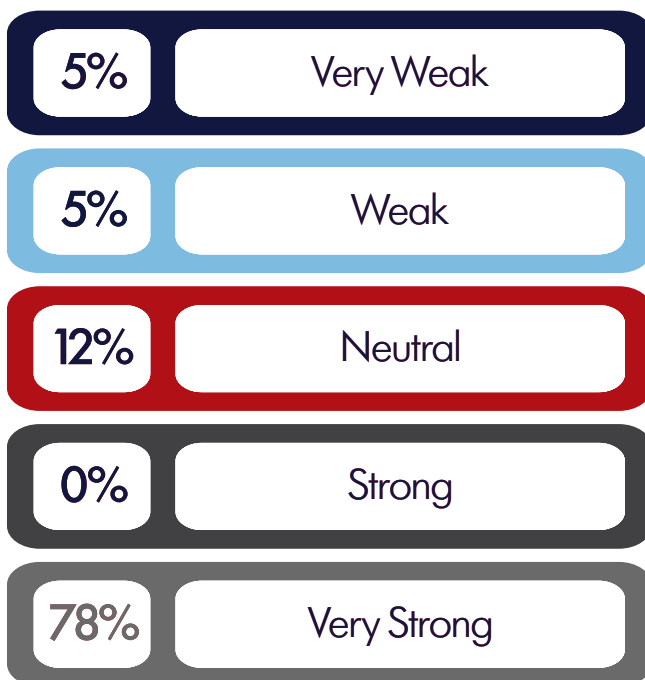
General Outlook

Given delays to fulfill the governments' social distancing and safety requirements, some negative consequences have been triggered across the Egyptian construction scene.

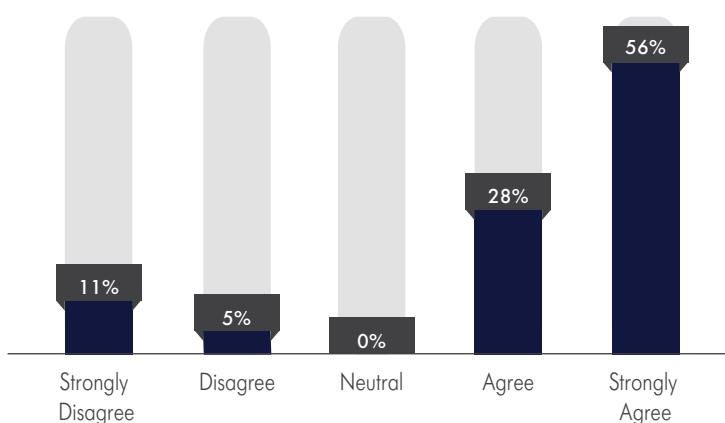
Notably, 78% of respondents assume that the crisis has negatively affected construction activity to a great extent. Therefore, 56% of contractors are experiencing delays or disruptions related to the outbreaks, making it difficult to stay on the dot.



NEGATIVE IMPACT OF COVID-19 ON CONSTRUCTION MARKET



PROJECT DELAYS DUE TO COVID-19 OUTBREAK

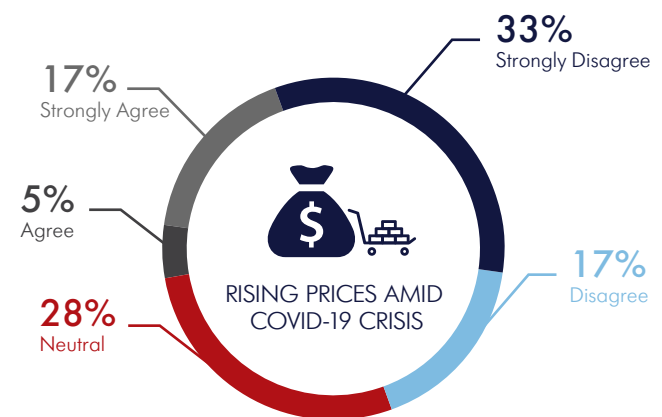


Construction Woes

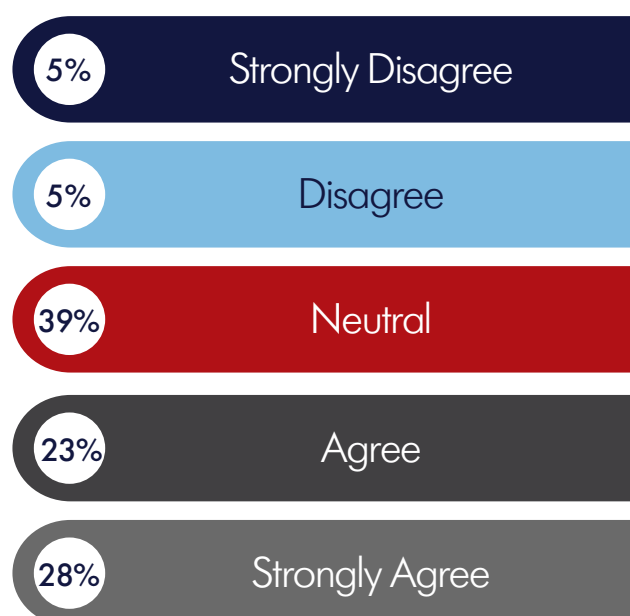
While the situation is changing at a frenetic pace, it is crucial to consider the impact of COVID-19 on various aspects of building and construction activities. Based on Invest-Gate's study, below are the immediate issues that are emerging for the construction industry to navigate.

Raw Materials

When it comes to raw materials, a major level of resilience is acknowledged, as 33% of the responding companies claim that this emergency situation will not cause any fluctuations in building materials prices. Conversely, 28% of those surveyed see that since the virus has spread throughout the globe, disruptions are likely to arise from foreign suppliers from which Egypt imports machinery and equipment, iron and steel, drywall, cement, and other components.



RAW MATERIALS IMPORTS SHRINK DUE TO COVID-19

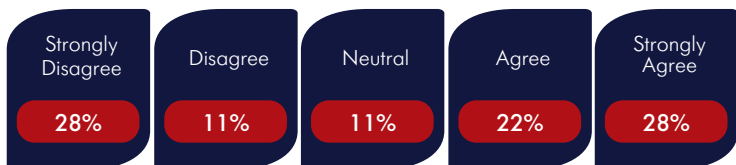


Workers & Working Hours

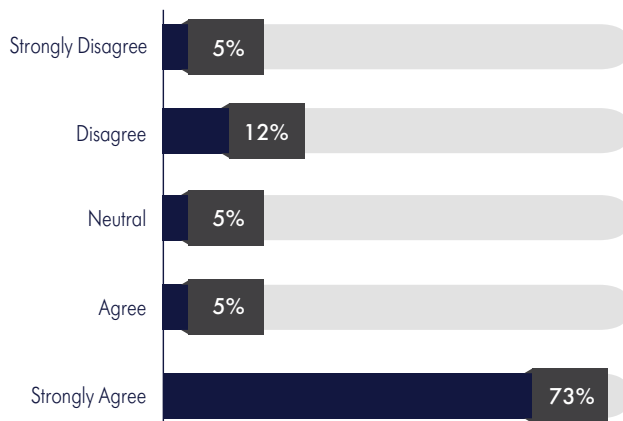
Due to social distancing and safety/health requirements, 28% of respondents strongly agreed that Coronavirus forced the reduction of site workers. Meanwhile, another 73% indicated that curfew-imposed restrictions necessitated the operation on reduced schedules, hence cutting working hours.



HIGH CORONAVIRUS-RELATED LAYOFFS (CONSTRUCTION WORKERS)

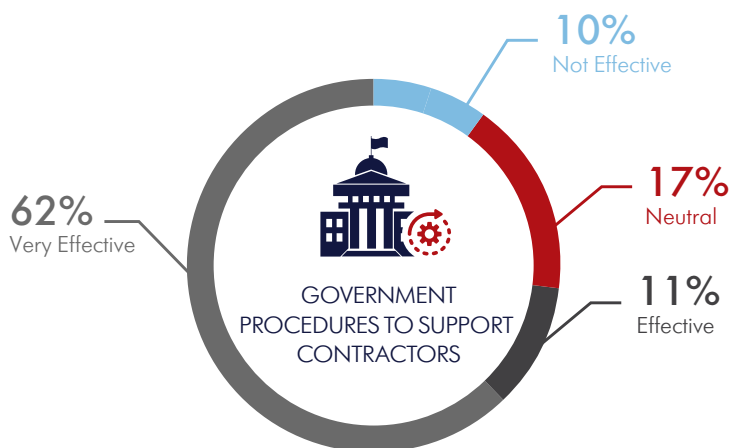


RESTRICTED HOURS FOR CONSTRUCTION AMID COVID-19



The surveyed construction firms stressed on the cruciality of implementing the government procedures in combating the infection of personnel on-site.

According to Invest-Gate's research, 62% believe in the importance of these emergency policies in aggravating the negative impact of the pandemic on business operations, stimulating the economy and import volumes, and most importantly, salvage the construction sector.



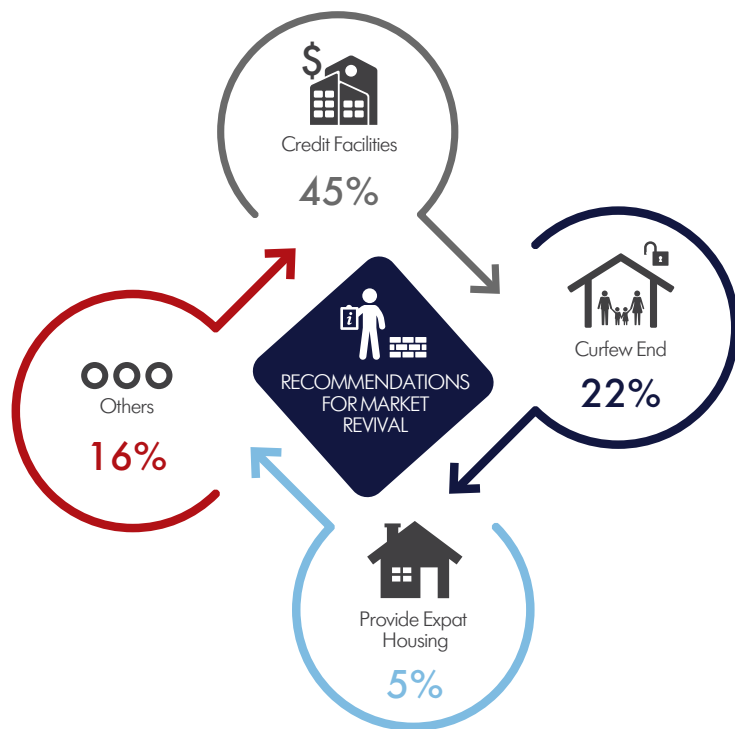
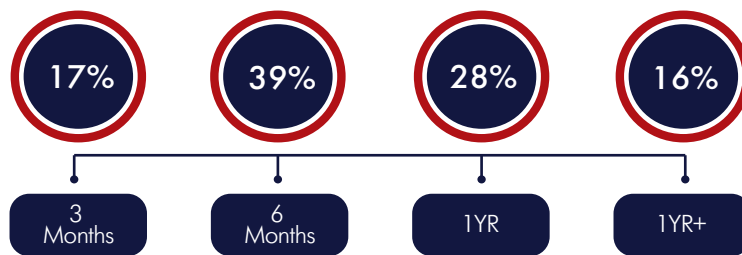
Road to Recovery

In spite of the steps taken to curtail the impacts of the COVID-19 outbreak, many international institutions, including S&P Global, International Monetary Fund (IMF), World Bank, and Fitch Solutions, believe that Egypt marks one of the least affected economies and will be able to maintain a positive economic growth rate despite the pandemic. Thus, the IMF approved Egypt's request for USD 2.772 bn in financial aid to address the urgent balance of payment needs stemming from the current emergency situation.

Thanks to the guidelines composed to help the building market forge ahead, 39% of the surveyed contractors anticipate that the Egyptian construction market needs around six months for recovery. Adding to the government procedures, contractors have proposed their recommendations to help revive the building industry.



PROSPECTS FOR CONSTRUCTION MARKET RECOVERY



As things stand, Invest-Gate concludes that the novel Coronavirus has left a significant imprint on the construction sector, particularly causing delays in the execution of a plethora of ongoing projects. Consequently, it is important to follow the requirements enacted to help the construction market, together with other sectors as well, combat the pandemic, organize response plans, adapt to the new normal, and help the market revive.

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CHALLENGES LIKELY TO STRESS-TEST EGYPT DESPITE IMF AID: ANALYSTS

BY **NOURAN MAHMOUD**

In pursuit of economic efficiency and prosperity amidst the current global outbreak, Egypt appeals for relief on another rescue bill from the International Monetary Fund (IMF) to address the urgent balance-of-payment needs stemming from the COVID-19 hit. With more in the pipeline, the loan is valued at almost USD 2.8 bn. To tell the truth, if it were not for Coronavirus, the North African country would have built upon its outstanding deficits and newly-accumulated debt burdens.

With this in mind, Invest-Gate reaches out to some economic analysts and researchers to share their insights on the IMF's emergency assistance for Egypt and pinpoint the target markets and beneficiaries of this pandemic aid, opening a perfect window into what is happening across the Egyptian economy when facing turbulent financial times.

For Starters

As the Coronavirus crisis seeds chaos worldwide, panic looms over Egypt, which targets as much as USD 8.5 bn in total from the IMF under a stand-by arrangement (SBA), aside from the USD 2.8 bn received on May 12 as part of the Washington-based lender's emergency Rapid Financing Instrument (RFI). The lending would come in addition to seeking USD 4 bn from other institutions, an anonymous official recently told Bloomberg, noting that the loans are in line with the North African nation's endeavors to cover funding shortfalls.

Among 20 other badly-affected nations, Egypt is securing the IMF USD 2.8 bn stimulus funding without the need to have a full-fledged program in place, Mohamed Rashed, professor at the Faculty of Politics and Economics at Beni Suef University, tells Invest-Gate.

Along the same lines, Financial Health and Institution Development Consultant Sayed Kassem acknowledges that the rescue loan will be allocated to industries hit hard by the Coronavirus woes, namely tourism, aviation, and medical sectors, with increased spending on social welfare and subsidy programs.

Likewise, the one-year IMF program will focus on structural reforms to remove constraints on private businesses. It aims to help plug payment gaps arising within companies as a result of succumbing to the COVID-19 disruption, Minister of Planning and Economic Development Hala El Saeed told the American Chamber of Commerce in Egypt (AmCham) on May 19, providing that repayment would be spread out over the medium term.

Perhaps most importantly, the RFI funding, says IMF's Mission Chief for Egypt Uma Ramakrishna, will "ease the immediate balance-of-payments pressure and catalyze donor financing." Meanwhile, the value of the SBA would depend on factors including the "strength of the macroeconomic policies," alongside funds from various financial institutions as the country's "external financing need is too large to be filled by any single source." She also reckons, "It will require joint efforts by the authorities, bilateral partners, multilateral development banks, and of course the IMF," according to Bloomberg.

Can Egypt Wade Through Choppy Waters Otherwise?

When asked if Egypt can push through the outbreak without borrowing, Ali Abdel-Raouf Eledrisi, an economics professor at the Culture and Science City and the Arab Academy for Science, Technology, and Maritime Transport, points out that the COVID-19 pandemic has triggered a massive spike in uncertainty, underlining, "While assessing the economic impact of Coronavirus is essential, it is challenging due to the extreme speed with which the crisis unfolded."

But the fact remains that the novel Coronavirus spell disaster for the Egyptian economy, which is going to be difficult to roll over. It is worrying to see public revenues dipping by EGP 75 bn, including a loss of EGP 65 bn in tax revenues, together with

an EGP 44 bn increase in public debt, as a result of the crisis, Finance Minister Mohamed Maait officially announced on May 7.

Nevertheless, the Central Bank of Egypt (CBE) confirmed a depletion in foreign exchange reserves (FX) to almost USD 37 bn in April from USD 40.1 bn in the previous month, representing a record low since January 2018 where it stood at USD 38.2 bn. Specifically, the bank used nearly USD 3.1 bn of its international reserves to accommodate for the domestic market's foreign currency needs



to import strategic goods, as well as for the repayment of external debt service obligations, according to a recent official statement.

Eledrisi pinpoints that this drastic drop in foreign reserves gives a negative outlook for investors, who are already starting to ditch riskier assets. "Therefore, accepting the IMF's assistance, which is offered with no prior conditions, will be advantageous to relieve some of the pressure off the Egyptian economy," the expert argues.

"Such loans bring forth fiscal flexibility, while also broadening the financial alternatives provided to decision-makers. In the same time, it will support the state in adopting an expansionary fiscal policy, in accordance with the CBE's expansionary monetary policy, in a bid to create harmony between the performance of fiscal and monetary policies," Beni Suef University's Rashed elucidates, stressing that the adoption of expansionary policies guarantees a conventional boost to Egypt's economic growth.

On the other end of the spectrum, Salma Hussien, an economic researcher at the Egyptian Initiative for Personal Rights (EIPR), draws attention to another aspect of the story. She somewhat deems the recent plunge in FX as a hedge against currency depreciation. This will reflect on exchange rates and will lead to cost slashes,

the professional highlighted during a recent webinar hosted by the American University in Cairo's (AUC) Law and Society Research Unit.

However, the CBE cannot underpin sagging reserve levels for too long, considering debt repayment due this year, which is estimated at more than USD 10 bn, according to the World Bank. Conversely, challenges suggest that foreign exchange inflows must be bolstered for providing vital support to Egypt's economic development.

This Too Shall Pass...

Interestingly, when asked if Egypt's debt bubble will burst, analysts were optimistic, referring to Egypt's success story of emerging from a sweeping USD 12 bn IMF-backed bailout program last year. They agree that the impressive gains the country has been able to reap under the rigorous three-year economic reform plan should be a strong incentive to get hold of such borrowings.

Better yet, Kassem sees the IMF approval on Egypt's standby loan, in no time, as another complimentary credit to the Egyptian economy and its ability to pay off debts, not to mention the country's successful economic reform program, supported by the IMF's Extended Fund Facility (EFF).

"The COVID-19 pandemic is not just a health emergency, but also a socio-economic crisis provoking severe economic turmoil and raising fears of a collapse of Egypt's hard-won macroeconomic stability if not addressed. Indeed, external funding marks one of the ultimate financial-risk mitigation solutions," Kassem explains.

The crux of the matter is that there is no moral hazard in using the available tools that allow for flexible approaches to equilibrium and economic stability, especially at such challenging times. People may not know exactly where the current crisis will lead, for Egypt, the world economy, or anything else. But one thing seems clear in the languages of the financial crisis: Borrowing will not stop.





CORONA VS. STARTUPS

TICKING TIME-BOMB OR NOT?

BY **RANIA FAZZA**

With the ongoing Coronavirus gloom, some businesses were brought to a standstill, while others are booming. But, how hard is the pandemic tightening its grip around the venture capital market? Since the road ahead seems far more daunting, Invest-Gate goes behind the scenes of Egypt's startup companies and asks experts to identify the challenges arising in light of COVID-19, in an attempt to help entrepreneurs weather the storm.

The Good, Bad & Ugly

Basically, the outbreak affected each startup company differently depending on a range of factors and conditions including type of industry and cash position.

Mostafa ElBatsh, CEO of Lynks, which is among the top e-commerce startups that provide cross-border supply management solutions, says most of those operating in the domains of transportation, physical retail, or social events were hit hard revenue-wise due

to lockdowns, which resulted in much lower demand for such services.

Speaking of the logistics sector, "Since the pandemic started out in January, the company's daily revenue grew by an average of 60%. While further short-term growth is expected, the long-term implications remain a matter of speculation," he affirms.

Equally noteworthy is the fact that international transport and logistics services, on which all e-commerce and more traditional trade transactions rely, were pummeled

by the introduction of new health regulations that have disrupted land, sea, and air cargo transportation.

For instance, Lynks, which focuses on effortlessly making high-demand foreign products accessible to consumers in developing countries such as Egypt, saw some impediments and delays in cross-border e-commerce shipments. This is because a few US parcel deliveries hampered due to the near-halt in airport cargo services, in light of the COVID-19 outbreak, ElBatsh highlights.



"Despite the shortfalls, we viewed the crisis as a moment to rally around the company's mission and revise the operating plans, in a bid to avoid the emergence of a tailwind for our revenues, growth, and customer experience in any way. The new blueprints also layout the necessary measures for the protection of workers against the infection spread. Perhaps most importantly, over 90% of the team transitioned to work from home since March 15th, which was fundamental to ensure continuity and sustainability of workflow," the CEO further states.

Although the pandemic has been an accelerant for sectors looking to expand such as logistics and e-commerce, as the majority of employees continue to work remotely and online shopping becomes the optimum fall-back solution, most others feel an entirely different kettle of fish.

Aqarmap, a leading real estate portal that stands among one of the top 15 startups in Egypt, was not spared from the devastating effects of the Coronavirus hit, much like almost all other industry-related businesses. "Yet, a silver lining was posed by an upward trend of clients looking for potential homes online, which is foreseen to remain in the short term," CEO and Founder Amad Almsaad tells Invest-Gate.

Correspondingly, startups should position themselves at the forefront of the longer-term shifts in consumer behavior that result from this crisis. "After assessing impacts, companies should continually adjust to rapidly changing consumer preferences and behavior to help generate revenue and optimize near-term profit and cash flow," Almsaad elaborates, noting that Aqarmap is still in the wait-and-see mode.

On another note, as working from home and social distancing have become the new normal in a matter of weeks as COVID-19 rages on, the previously conventional idea of "shared office spaces" (aka coworking spaces) is, for many, looking increasingly unappetizing.

Case in point: Mohamed Khaled, a founder of an office-sharing provider in Ismailia, northeastern Egypt, tells Invest-Gate that his small business looks more of like a Coronavirus fatality.

"Now that people are becoming more cognitive of personal hygiene, not to mention the restrictions on movement and nonessential work taking hold across the country, they may want to shift away from densely shared offices. In fact, my startup company is being doomed to closure as of March 15," Khaled explains.

In the language of mathematics, global online marketplace Coworker's recent survey of over 14,000 coworking spaces in 172 different countries found that 72% of shared offices reported sagging demand levels since the outbreak. Additionally, 41% of coworking spaces saw a negative impact on membership and contract renewals, whereas 67% endured a drop in new membership inquiries.

Although the way forward is seemingly either bootstrapping or shutting down, some startup companies are pivoting their business models. It is another survival mode to change the way value and services are offered to different customer groups to navigate emergency situations, Khaled reckons.

"The main drawback, however, is that the whole Coronavirus ordeal is ambiguous; we are talking about a global crisis here. Small businesses, at least mine, can seldom survive slight revenue streams, couple that with having no prospects for the upcoming period," the entrepreneur proclaims.

Don't Panic!

It is safe to say that the Egyptian venture capital scene is in a position of strength. More specifically, in 2019, the country secured the highest number of startup financing deals in the MENA region, with 141 transactions (25% of the total) attracting USD 98.6 mn (EGP 1.6 bn) in funds, according to UAE-based startup directory MAGNITT's Q1 2020 report.

Nevertheless, the pandemic wave has prompted an immediate response by the Egyptian government to safeguard startups, among other COVID-hit businesses, in the face of the outbreak. Amidst an array of initiatives, the Central Bank of Egypt (CBE) gave small- and medium-sized enterprises (SMEs) a six-month extension for credit repayments, besides boosting daily withdrawal limits for credit and debit cards.

Also on May 12, it was announced that the European Investment Bank and Banque du Caire had inked a USD 100 mn (EGP 1.6 bn) financing agreement, aiming to boost competitiveness in SMEs across different manufacturing and service segments, with a view to sustaining 4,000 jobs at 100 firms.

More broadly, before the crisis, the CBE made the expansion of SME credit base a priority, reinforcing measures from June 2016 which capped interest rates for small and medium firms at 5% and 12%, respectively, while setting a 20% target for the share of SME loans in banks' lending portfolios by 2020, according to a previous statement.

As things stand now, it looks like the startup scene has generally taken on a new definition and dimension in the overwhelming challenge of COVID-19. After all, business owners and entrepreneurs, who care and innovate during this crisis and anticipate how customers will change their behavior, will build stronger relationships that will endure well beyond the crisis' passing.

HISTORICAL CAIRO THE GREAT AWAKENING



The idea of reviving “Historical Cairo” dominated various interests of many strategies and urban policies due to its cultural importance and urban components. Over the past 10 years, many studies, projects and conferences were organized for that purpose. A strategical vision has been implemented to achieve an increase in the touristic sector. The plan was based on a detailed study of the tourist destinations in “Historical Cairo” that will be included in future tourism programs. It will play a vital role for the economic development, yet reviving the rich spirit of “Historic Cairo” that will always remain one of the most important objectives to become a global city.

FUTURE VISION

Attracting tourism to historical Cairo remains one of the most important goals of the urban revitalization project for historical Cairo, therefore this plan aims to restructure and restore its cultural identity aiming to bring it back as a touristic attraction and an essential economic pillar.



The project Urban Regeneration for Historic Cairo (URHC) has been working with local authorities since 2010 with the aim of preparing for the conservation of the heritage, socio-economic recovery and environmental upgrading of the World Heritage Site as a whole.

Cairo hosts a variety of historically significant districts and monuments and below are some of the saved projects:

-  Magra El-Eyoon wall
-  Tannery transfer & relocation
-  Tahrir square development
-  Nile corniche development
-  Civilization axis project
-  Development and clearing of Ain Al-Sira lake
-  Robbiki City for leathers
-  Royal Mummies transfer to the civilization museum
-  Al-Asmrat District
-  Al-Tahrir Egyptian Museum development
-  Maspero Triangle
-  Baron Palace
-  Renovation of Alfy Street - Downtown



ADVANTAGE

Reforms



Key Economic Targets by 2030

12% economic growth rate | 10% growth in industrial sector | 8% power transmission efficiency

The project concentrates on attaining the following aspects:

- Employment generation
- Monument restoration
- Micro-credit businesses
- Housing rehabilitation
- Improvements in Infrastructure and open spaces
- Adaptive reuse of historical buildings
- Tourism expansion
- Increase in productivity
- Environmental - Elimination of pollution

OPPORTUNITIES FOR DIFFERENT SECTORS

- Creates new job opportunities (Direct & Indirect)
- New infrastructure facilities and services to support the projects
- Increase Partnerships with private sectors
- Minimizing transportation time and costs around the new renovated areas by paving new streets, side walks, street lives and removing street vendors
- Increase in investments and exports
- Marketing activities, global advertising and exhibitions for the new projects
- Development and restoration will create new innovative products for internal trades and external exports
- Enhancements for more sectors like in F&B, bazaars, tourism and transportation businesses

Historical Cairo represents a real treasure for Egypt and is utilized for the benefit of the current and future generations. The aim of these initiatives to improve the lives of urban communities with a number of up-scale residential buildings and entertainment facilities give natives the right to enjoy the pride in the country's heritage and rich culture.

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