

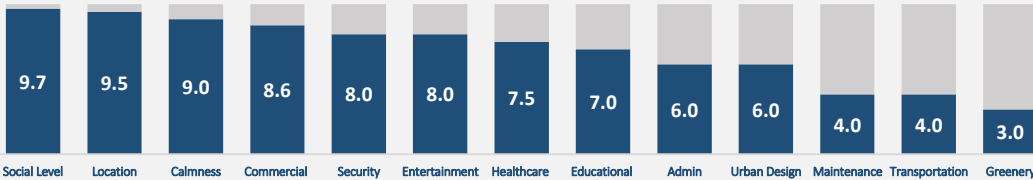
New Cairo – Overview

New Cairo is a new suburb built in the eastern part of the desert. Realizing that Cairo is getting unbearably crowded, the government decided to embark on an ambitious program to "expand" Cairo by creating a new self-contained city. Many upper class Egyptians as well as foreign workers have decided to move their families to New Cairo and for good reason

70K Acres
1.5M Capita
34K Units Implemented by New Urban Communities Authority
36K Units Implemented by Private Sector
17% Occupancy

Top 10 Developers

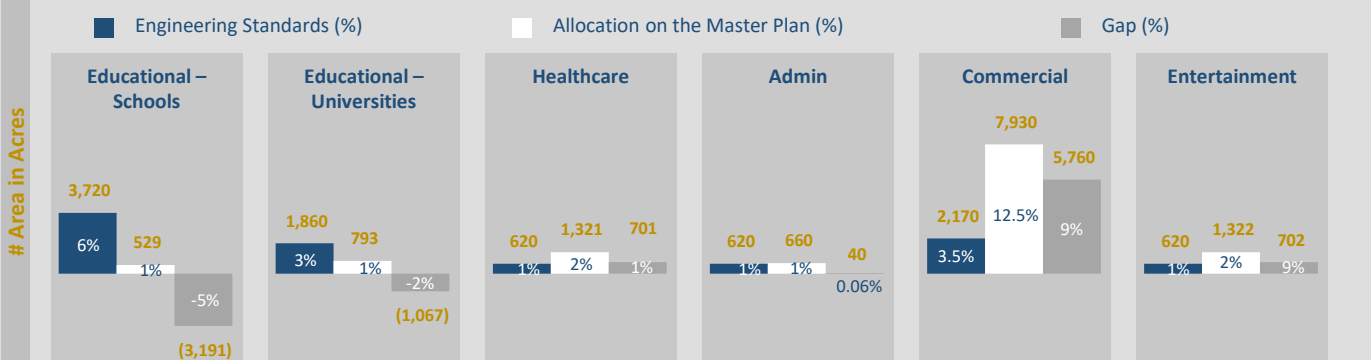
Developer	
Talaat Moustafa	Al-Futtaim
Mountain View	Al-Ahly Sabbour
EMAAR	MNHD
SODIC	Wadi Degla
Palm Hills	ARDIC



7.5 / 10

Coldwell Banker Commercial Average Valuation of the District

Gap Analysis (If 100% is Occupied)



Educational – Schools | Students represent 45% of total residents and they are not enough as they do not cover all society segments

Educational – Universities | Number of universities are not enough, and they do not cover all society segments

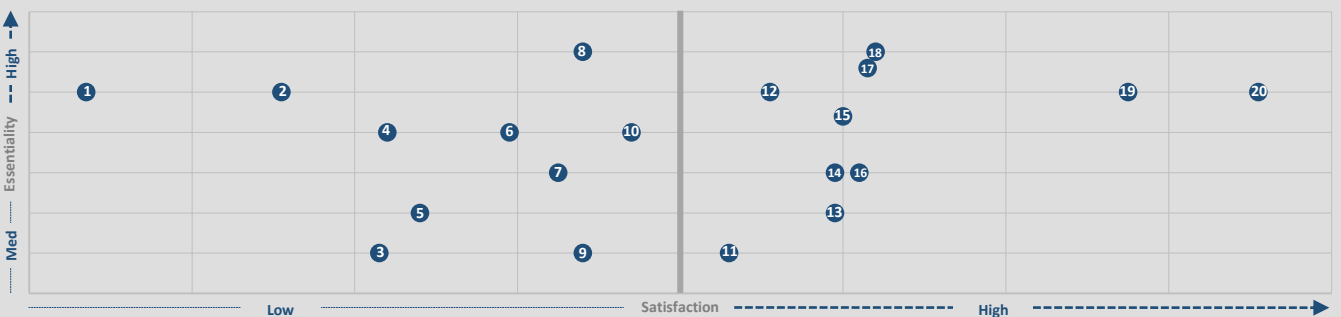
Healthcare | Hospitals heights should be at least 3 typical floors, along with a ground floor, and basement to cover capacity and demand

Admin | The gap cause is philosophy of targeting Class A and large corporates. Administrative services are for rent, large spaces and are semi-finished

Commercial | Services for daily needs are limited and there is no control over the level of services

Entertainment | Abundance in entertainment areas allocated for all categories (i.e. cinemas, clubs, etc.) and limited availability of entertainment categories

Property Matrix Based on Customer Needs (CBC Market Survey)



- Level of Serviced Areas within Residential Communities
- Parking Spots per Unit
- Availability of Educational Entities
- Green Areas Maintenance
- Availability of Traffic Signs & Road Designs
- Diversity of School Fees
- Public Transportation to the City
- Availability of Hospitals
- Availability of Green Areas
- Street Quality

- City Gates
- Infrastructure Maintenance
- Sports Clubs
- Commercial & Residential Areas Chemistry
- Cleanliness of Streets & Building Entrances
- Gas Station
- Security
- Regularity of Garbage Collection
- Availability of Hyper Markets & Service Centers
- Level of Malls & Shopping Centers

New Cairo – Residential Sector

Current Status



125 – 175m²
Preferred Area



13,000
Selling Price/m²
5,500
Rent Price/Month



9,500
Selling Price/m²
4,000
Rent Price/Month



0% - 15% Down payment
4 – 10 Years Installments

Customer Preferences

Property Type

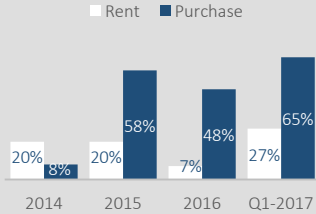
✓ **Apartments**
Villas
Twin-Houses

Property Finish

✓ **Fully Finished**
Semi-Finished
Core & Shell

Status Change

Demand on All Property Types



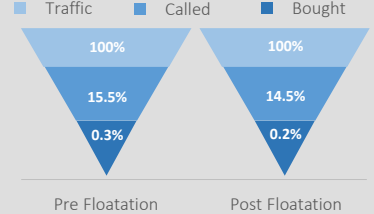
Demand rose by almost 50% from 8% to 58% in 2015 post New Capital City and expansion of East Cairo announcement in Q4 2015. Demand decreased slightly in 2016 due to the escalation in prices caused by the hype in construction costs. Demand further increased in Q1-2017 post effect of EGP floatation as an investment to hedge against it

Average Selling Prices



Selling prices increased by an average 18% from 2015 to 2016 then further increased by an average 23% to reach an average **EGP16,000/m²** in compounds and **EGP10,000/m²** in ungated communities driven by the increase in raw material costs post floatation of the EGP. Demand is higher in gated communities given the society targeting more secure areas and better communities

Traffic on Property Websites



Rate of interested clients who ended up buying properties out of total traffic on RE websites remained the same; however traffic post floatation was 3 times the traffic in Nov & Dec 2016 combined which shows that levels of interest in secure investments rose in order to tackle the floatation drawback

↑ 40%
Increase in Construction Cost

↑ 25%
Increase in Selling Price

↓ 10%
Decrease in Demand

↑ 300%
Increase in RE Website Traffic

↓ 24%
Decrease in Apartment Areas

Main Reasons Behind Change

Economic

- Floation of the EGP which led to increase in investments in the residential market as a mean to hedge against inflation
- Egypt is the most populous country in MENA region, and consequently offers a level of housing demand that is sustainable over the medium to long term
- Economic uncertainty put foreign investors off investing in Egyptian real estate

Sector

- Lack of low-income housing expertise among the country's top housing developers, and the insufficient incentives to undertake low-income projects over more profitable mid to high-end developments
- A gap between the limited supply and high demand because the developers pay more attention to implementing luxury residential units with high prices, which results in a decrease in implementing units for the category of economic and medium housing

Political

- Following the 25th of Jan revolution, the expansion towards the new cities was highly accelerated by the residents preferring to move away from Downtown of Cairo to the New cities, such as New Cairo and 6th of October
- Political uncertainty and regional security issues put foreign investors off investing in Egyptian real estate

Recommendations Post Change

Main Factors Driving the Sectors

-  Payment Terms
-  Affordability Levels
-  Investment
-  Delivery
-  Security
-  Finishing
-  Design & Facilities

Main Current & Expected Activity

- Compounds like La Fontaine, by ARCO extended to 10 Years
- Most units' delivery period will increase to reach 5 years
- All prices increased by an average of 15% - 30% due to increase in construction costs
- The floatation of the EGP has attracted residents to the property investment market in order to hedge against it
- Most developers do not meet their delivery dates which drove clients to be more careful when choosing the developer
- Post the political uncertainty since 2011 most families are seeking gated communities as their first option
- Market is dominated by core and shell units, amidst a few exceptions who deliver finished units
- Most projects pay less attention to properties' designs and project facilities which was key in selling 100% of newly launched projects

Main Recommendations

- Extended payment plans to 7-10 years, to attract investors
- Target smaller areas to decrease the total unit price in order to reach affordable monthly payments
- Attractive payment plans to grab this wide range of clients
- Perform well organized development plans
- High security measures in terms of qualified security staff supplied with the latest security systems
- Fully finished units with high quality are preferred by clients to tackle the hassle of further finishing costs
- Offer top notch designs with full project facilities that can extend to include nurseries

1. Developers are advised to take 'affordability' levels as a main factor pre building projects and utilize secure locations. This does not necessary mean targeting an attractive ticket price only, but also attractive payment plans within well positioned communities.
2. Given the tight schedules and high land & construction costs, developers should exert more effort in the pre-design phase of their projects in terms of market studies to cover demand, competitive advantage (uniqueness), and high marketing & sales techniques.