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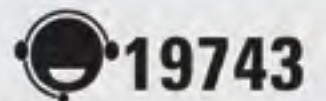
Highlights:
**Invest-Gate's
Strategic Roundtable**

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HELLO AGAIN,

Known to be the month of love, this February, Invest-Gate presents your go to guide on finding the perfect home for your new nests!

In this issue, we open new doors to new investments. Especially this month, we put together the outcome of Egypt's first real estate strategic roundtable to give you the complete picture of this vibrant and ever-growing sector to guide you through your next property investment.

We speak to two of the real estate icons in Egypt today, Al-Futtaim Group for Real Estate Managing Director Ashraf Ezz El Din and Madinet Nasr for Housing and Development CEO Ahmed El Hitamy for the latest updates on Cairo Festival City and Taj and Sarai projects as well. Not to mention, both companies' plans for 2018 and where the Egyptian real estate market is heading... Yes, it is very promising!

As determined to voice the people, Invest-Gate pays a special visit to Dar Misr, one of the governmental housing projects and speaks to its inhabitants to examine their lives, the government's achievements, and also the remaining challenges. It is a thorough report worth reading to get the comprehensive picture of how the government is keen on serving its people.

For newly weds or those with small families, Invest-Gate puts together a complete guide for those looking for a home to rent or buy, including its finance funds and mortgage plans to make the best investment possible suitable for your needs and within your budget given the financial frustrations we face today and following the country's economic reform. It might be difficult to start a family today; however, there are many affordable opportunities out there.

As the Voice of Real Estate, Invest-Gate aims to cater all needs from homebuyers to big property investors. We bring you stories covering Egypt's most interesting and vibrant sector, as it changes under the currently economic environment. With the sentiment on Egypt gradually improving, we are delighted to explore how that impacts the most favorite investment outlet.

Stay updated on Egypt's real estate and investment with Invest-Gate and especially next month as we reveal our collaboration with Cityscape Global.



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CATALYST: A BIG NAME TO RULE THE REAL ESTATE GAME

ENG. OSSAMA SHALABY
CHAIRMAN OF CATALYST DEVELOPMENTS

Egyptian real estate developer, Catalyst, is the first specialized commercial real estate developer that offers full solutions to its retail, administrative buildings, healthcare district, and clinics, guaranteeing to fulfill all needs and requirements of different segments across Egypt and Middle East; all under one name, Catalyst.

the Ring Road and Cairo- Suez Road in less than three minutes and less than 30 minutes away from the New Administrative Capital, Maadi, El Sherouk City, and Al Obour City. It is also a short drive away from Heliopolis, Nasr City, Rehab City, and Madinaty.

Catalyst Developments was launched with five different projects in the three major commercial sectors, including retail, offices, and healthcare. The company has a number of successful projects such as the Cairo Capital Center (CCC), which can host a range of financial and non-financial firms from across the globe. The areas of business within the center include banking, professional services, as well as global and local corporations and insurance companies.

Perfectly located in the middle of the financial district in New Cairo and only seconds from South 90th, the CCC is the new heart of New Cairo. It is accessible from



Cairo Capital Center (CCC)

Second to Catalyst's list is Ozone Healthcare District, which is the largest integrated healthcare district in New Cairo, spanning across a total area of 17,828.9 square meters. The project is located in services area of Al-Narges Buildings – Fifth Settlement close to Fatma Al-Sharbatly Mosque, which is the most vital spot in New Cairo.

The project consists of four medical buildings; three buildings for medical clinics, specialized medical centers, laboratories, radiology centers and a pharmacy with clinics areas starting from 38 square meters, in addition to a fully-equipped care hospital with all medical and surgical specialties.

Elegantry is another iconic business hub, offering administrative offices,



Ozone Healthcare District

offers full service solutions for real estate including investment analysis, appraisals, brokerage, sales and transaction management, market research and analysis, and full marketing solutions.

To take the lead and secure its real estate dominance, Catalyst adds Catalyst Management, to be launched soon, to its wide range of services. The arm will be responsible for management of all types of properties including shopping malls, office buildings, residential compounds and resorts. Property management involves the processes, systems, and manpower required to manage the life cycle of all acquired property as defined above including acquisition,



Elegantry

control, accountability, responsibility, maintenance, utilization, and disposition.

commercials, and medical clinics with a full range of facilities located in one building, providing smart space plans to have an office space as desired.

Located in the middle of New Cairo near to Road 90 right next to "New Cairo's Court" and "Mobil", Elegantry offers grade-A offices and medical clinics built on 46% of total land area, with 868 square meters allocated for an open court, and 2,300 square meters for commercial area.

Catalyst also owns Business Plus, which is a six-storey administrative building, with office spaces starting from 49 to 1,950 square meters per floor. Located in the North 90th street at heart of the business district in Cairo, the project is few minutes away from Road 90, three minutes from AUC, and 20 minutes from Cairo International Airport.

The project has a three-level basement with 165 car parking spaces, while including commercial and open spaces.

Catalyst Consultancy, one of Catalyst business arms, to insure full solutions. Catalyst Consultancy



BUSINESS PLUS

Highlights: Cityscape Egypt Business Breakfast



and in an in-depth panel discussion will address: long-term plans for sustainability of the real estate sector, the private sector, and the question of adopting PPP models when developing areas outside the capital city.

A focus at this year's Business Breakfast is the feasibility of development in Upper Egypt. Head of Egypt Office for JLL, Ayman Sami, will address this topic by providing a market update and demand analysis on Upper Egypt. Sami explains, "We have always focused on the Greater Cairo real estate market, however there is an untapped potential in Upper Egypt. I will be looking

at 7 governorates in Upper Egypt that constitute approximately 25% of the population of Egypt. The presentation will cover the need for residential, retail, healthcare and educational sectors as well as key areas for development in Upper Egypt."

Other speakers at this year's Business Breakfast include: Eng. Sherif Habib, Governor, Beni Suef Governorate; Eng. Yasser Al Dessouki, Governor, Asyut Governorate; Dr. Ahmed Shalaby, Managing Director, Tatweer Misr; Dr. Ashraf Dowidar, CEO, ARDIC for Real Estate Development and Investment; and Eng. Darwish Hassanein, CEO, Saudi Egyptian Construction Co. (SECON).

"The aim of our Business Breakfast is to create an informative and innovative platform with the country's foremost real estate experts and set the tone for our upcoming 7th edition of Cityscape Egypt," says Chris Speller, Cityscape Exhibition Director. "Over the course of the year we have witnessed a stability in the property market and an increase in investor confidence following a stretch of volatility; and as we kick off the year with our Business Breakfast followed by Cityscape Egypt in March, we're confident that 2018 will be a positive year for the country as investors begin looking at it with renewed interest."

Following the Business Breakfast is the 7th annual Cityscape Egypt Conference, which returns to the

Four Seasons Nile Plaza on March 12-13 – two weeks before the exhibition kicks off – with a stellar line-up of speakers and topics based on market research and the guidance of the Advisory Board. For more information on Cityscape Egypt Business Breakfast visit www.cityscapeegypt.com

NUCA, Marriott Int'l Ink MoU for Two Hotels in New Al-Alamein

The New Urban Communities Authority (NUCA) and the multinational hospitality company Marriott International have signed a memorandum of understanding (MoU) to manage and operate two hotels in New Al-Alamein, Invest-Gate reports.

The hospitality company will supervise the establishment, management, and marketing of JW Marriott, which will comprise 250 rooms and 50 villas, in addition to a 300-room Marriott hotel.

Marriott International operates 18 hotels and resorts in Egypt with a total of 7,200 rooms, in addition to another seven under-construction hotels, which will add more than 2,100 rooms by 2025.



The highly anticipated Cityscape Egypt exhibition is to take place on March 28-31 at its new venue, the Egypt International Exhibition Centre (EIEC), in New Cairo. The show kicks off with exhibitors from Egypt who will showcase projects from across the real estate spectrum, both from Egypt and around the world. This year's platinum sponsor is Projects for Real Estate Development, which will showcase its latest project Blues Tiffany in the North Coast.

An attractive investment climate, new real estate opportunities, and a vibrant and strong demand in the country will make the Egyptian narrative for 2018 an encouraging one.

Amid growing evidence that the country's economy has started turning a corner, Egypt is looking to spur more real estate investment opportunities for both local and foreign investors in 2018. The government's commitment to adopt economic reforms at all levels and attract investors over the past year is expected to yield fruit in 2018, according to experts. Already reports suggest that the inflation rate in the country recorded a steady decrease over the past three months.

Under the theme: Exploring new frontiers on Egypt's landscape, the Business Breakfast – a prelude to Cityscape Egypt – will hone in on the core issues central to Egypt's real estate sector. It will take a close look at the status of the real estate sector in the country, new opportunities arising in the industry,

The Groove Takes Sokhna To A New Phase

Due to high demands, DM Development is launching its second phase in the upcoming weeks at The Groove, one of the biggest projects in Ain Sokhna.

The Groove is developed by DM Developments, a developer who aims to change urban culture through providing sustainable, well-designed, luxurious, and environmentally friendly homes. DM Developments aims to please and ease its clients' lives through creative community-based societies.

Located 50-minutes away from New Cairo, and only 35-minutes away from the new capital, you can enjoy your time with your family for the weekend or even for a few hours during the week. Time spent at The Groove can help sustain you for tiring days to come during the week and bring you closer to your beloved family members and friends.

The Groove offers a lagoon zone, a private, gated-island surrounded by a private swimmable lagoon, and an unparalleled view of the enchanting crystal blue waters ahead, in addition to all the services and amenities that would make for an ideal

weekend getaway home. Located only minutes from the capital, The Groove is your ideal getaway home for relaxation and hassle-free unwinding.

The project features a clubhouse, where you can enjoy a lively nightlife, a spa and clinic that ensure your health and well-being, a retail area that offers a variety of international brands to cater to your various shopping needs, galleries and shops. The Groove also comprises a number of restaurants that offer a selection of international and local cuisines to suit different tastes; a bay that accommodates a marina for yachts and private boats, as well as a beach clubhouse with an amazing view of the sea. A therapeutic center will also be built at The Groove, to take advantage of the charming Red Sea and the Sokhna climate along with experts to assure good health for you and your family members; a seafront gym, where you can enjoy your favorite workout and sports facilities for your enjoyment that allow you to explore the red sea within an exclusive community.

DM Developments is committed to deliver exceptional designs, quality and service in their

projects, thereby guaranteeing its clients the benefit of across-the-board tourism property development under one roof.





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INVEST-GATE

Debuts 2018 with Egypt's First Strategic Real Estate **ROUNDTABLE**

As Egypt undergoes a new era of mega developments, Invest-Gate Egypt successfully held on January 16, 2018, its first comprehensive "Executive Strategic Roundtable" to tackle trending issues in today's real estate market, highlighting its opportunities and challenges.





HUSSEIN SABBOUR

Chairman of Sabbour Group

“Construction costs after the floatation of the local currency increased by 44%, yet Egypt continues to offer the lowest housing unit prices in the region, and maybe even the world.”



ASHRAF SALMAN

Former Investment Minister and Chairman of AUR Capital

“The real estate sector contributed 15% to the total gross domestic product (GDP) in the first nine months of 2017. The sector grew 4.6% year-on-year during that period, while the overall economy grew by 3.8%.”

With an overwhelming attendance from private developers, as well as, a strong presence from the government, the roundtable, held in association with the Egyptian Chapter of the international real estate federation FIABCI Egypt, provided accumulative thoughts in developing the largest real estate market in the Middle East and proposed resolutions across the sector.

The introduction to the roundtable saw an overview of the real estate sector in the country.

Abdel-Nasser Taha, Head of the Egyptian Chapter of the International Real Estate Federation (FIABCI), said that Egypt’s economy cycle went from a state of crisis to a recovery phase.

“We should bring together the experiences of the real estate sector’s experts to develop an image for the urban development in Egypt,” Taha added.

H.E. Former Investment Minister and Chairman of AUR Capital Ashraf Salman said that the real estate sector alone outperformed the country’s

overall economy in the first nine months of 2017, contributing to 15% of the total gross domestic product (GDP) in the same period.

He added that the sector grew 4.6% year-on-year during that period, while the overall economy grew by 3.8%. “The sector is expected to grow 7-8% in 2019,” Salman forecasted.

In the first session titled “Residential and Commercial Economic Issues & Trends,” a multitude of issues in the real estate sector



FATHALLAH FAWZY

Founder of MENA Group

“A total of 16,000 acres per year need to be developed in order to meet Egypt’s growing demand, and offer more job opportunities.”



MAI ABDEL HAMID

Head of the Mortgage Finance Fund

“The fund offered around EGP 10.5 bn worth of mortgage finance, with expectations to reach EGP 20 bn by the end of this year, targeting low- and middle-income classes.”



“Egypt’s economy cycle went from a state of crisis to a recovery phase.”

ABDEL-NASSER TAHA

Head of the Egyptian Chapter of the International Real Estate Federation (FIABCI)



“Many governments worldwide stopped financing infrastructure projects such as roads and transportation networks. It has become the developers job in many countries over the world.”

HESHAM SHOUKRI

Chairman and CEO of Rooya Group

were discussed, such as new investment opportunities, new cities, and the real estate market in Upper Egypt.

Hussein Sabbour, Chairman of Sabbour Group stated, “Developers would continue to build and improve on the real estate sector in Egypt,” adding that the sector will offer long-term investment opportunities in the coming period.

“Construction costs after the floatation of the local currency increased by 44%,” Sabbour confirmed, but offered a silver lining by adding that, “Egypt continues to offer the lowest housing unit prices in the region, and maybe even the world.”

Meanwhile, Fathallah Fawzy, Founder of MENA Group said, “A total of 16,000 acres per year need to be developed in order to meet Egypt’s growing demand,

and offer more job opportunities.” Fawzy noted that while developers seek to work and develop more projects, “bureaucracy wears off developers more than the actual development of the project,” recommending an improvement to the legislations to remedy this problem.

Ashraf Dowidar, CEO of ARDIC for Real Estate Development and Investments, stated that more and more developers are directing



“The planning of new cities must be comprehensive, creating industrial, agricultural, residential, and commercial areas in every city.”

BASHEER MOSTAFA

CEO of First Group



“Clients in Upper Egypt are the most committed to their payment plans so investors should have no fear to invest there.”

DARWISH HASSANEIN

CEO of Saudi Egyptian Construction Company (SECON)



“We need clearer legislations for Egyptian developers and mortgage funds to efficiently deal with international clients.”



OSSAMA SHALABY

Chairman of Catalyst Developments



“We must address the needs of foreign homebuyers in order to tailor residential communities accordingly.”



WALEED MOKHTAR

CEO of IWAN Developments

their investments to the new capital, while other areas across the country need more attention.

“SCZone can lure foreign investments so it should be given a priority. It is a prototype that we can work on to be a model for other developments,” Dowidar elaborated.

While Hassan Hussein, Chairman of Al Oula, for mortgage finance, highlighted tools of attracting foreign investments to the real estate sector such as providing more administrative and commercial spaces that foreign investors usually prefer and look for, Darwish Hassanein, CEO of Saudi Egyptian Construction Company (SECON), touched on investment opportunities in Upper Egypt, adding that the government should encourage developers to invest south of the country by offering incentives such as reduced land prices and long-term payment plans. “Clients in Upper Egypt are the most committed to their payment plans so investors should have no fear to invest there,” Hassanein urged.

He also encouraged public-private partnerships to develop residential projects, stating “Partnerships between the public and private sectors will help offer lower-priced units.”

Sherif Seleem, CEO of Pinnacle Construction Projects, said the main challenge to new cities is attracting residents. He said, “New Al-Alamein could attract residents by being a hub to international universities, as well as, being an industrial zone.”

Ahmed Shalaby, Managing Director and Board Member of Tatweer Misr added, “Investing in education is always profitable, especially for foreign investment funds,” executing commercial services will also revive new cities and attract investments into a fully integrated real estate project.

However, Tarek El Gamal, Chairman of REDCON Real Estate Development and Investment, argued that Egypt’s legislative body is a major obstacle in establishing international universities, proposing legislative amendments to remedy this obstacle.

While Arkan Chairman Mamdouh Badr Eldin said



“More and more developers are directing their investments to the new capital, while other areas across the country need more attention.”



ASHRAF DOWIDAR

CEO of ARDIC for Real Estate Development and Investments



“Investing in education is always profitable. Executing commercial services will revive new cities and attract investments into a fully integrated real estate project.”



AHMED SHALABY

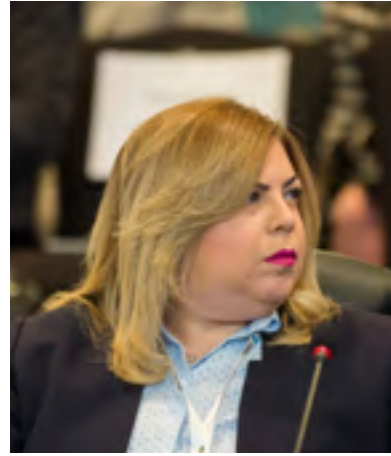
Managing Director and Board Member of Tatweer Misr



AMGAD HASSANEIN

Chief Projects Officer of Capital Group Properties

“We need the state to set a clear plan for land offering for a set number of years.”



SUZAN HAMDY

Director of Capital Markets Group at Banque Misr

“Asset and property management companies should be established as one step on the path of strategic restructuring of the sector.”



one of the strategies of attracting residents to new cities is building entertainment and commercial complexes, giving an example of Sheikh Zayed City, which, according to him, saw an increase in population numbers after opening a number of entertainment venues and big supermarket chains there.

Rooya Group Chairman and CEO Hesham Shoukri said, “Many governments worldwide stopped financing infrastructure projects such as roads and transportation networks. It has become the developers job in many countries over the world.” He proposed that the private developers in Egypt should be given the chance to carry out such kinds of infrastructure projects.

Moving onto the second session of the roundtable, titled “Real Estate Mortgage & Finance”, speakers tackled financial obstacles facing real estate developers and suggested possible solutions to improve the overall performance of the sector.

Head of the Mortgage Finance Fund Mai Abdel Hamid said, “The fund offered around EGP 10.5 bn worth of mortgage finance, with expectations to reach EGP 20bn by the end of this year, targeting low- and middle-income classes.”

Alsherif Wahdan, Director of East Coast said, “Real Estate Investment Trusts (REITs) are very important as there are no mechanisms for financing projects during construction.” He suggested that REITs can fulfill this role.



MAMDOUH BADR EL DIN

Chairman of Arkan

“One of the strategies of attracting residents to new cities is building entertainment and commercial complexes”



HANY EL-ASSAL

CEO of Misr Italia Properties

“A power triangle should be present to export real estate: developer, client, and bank.”



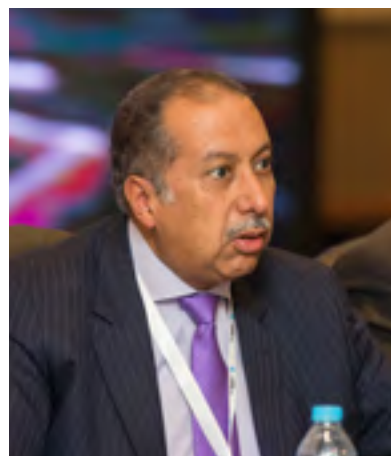


“Egypt’s legislative body is a major obstacle in establishing international universities.”



TAREK ELGAMAL

Chairman of REDCON Real Estate Development and Investment



“We can attract foreign investments by providing more administrative and commercial spaces that foreign investors usually prefer and look for.”



HASSAN HUSSEIN

Chairman of Al Oula for Mortgage Finance

Suzan Hamdy, Director of Capital Markets Group at Banque Misr, suggested the establishment of asset and property management companies as one step on the path of strategic restructuring of the sector. “We also need a database with all information related to what each area needs in terms of services to be able to develop the country properly,” she added.

Ibrahim El Missiri, CEO of Somabay said, “Registering real estate units, especially in touristic projects, should be given attention in order to drive more growth in the mortgage finance system.”

“We need the state to set a clear plan for land offering for a set number of years, three years for instance,” Amgad Hassanein, Chief Projects Officer of Capital Group Properties, said.

Nader Awad, Deputy CEO of El-Sherouk for Touristic Development, suggested, “Lands offered by the Tourism Development Authority (TDA) to be offered to Egyptians in EGP instead of USD, or at least half and half due to the high inflation.”

In the third session, titled “Cross-Border Real Estate Investments & Restructuring,” Misr Italia Properties CEO Hany El-Assal said that a “Power Triangle” - meaning developer, client, and banks - should be present to export real estate, to finance and ensure that the money is securely transferred between the developer and the client.”

Amr El-Kady, City Edge Developments CEO, said

“There has to be a strong economic base first so we can export our real estate abroad.” According to El-Kady, Egypt’s main asset is the human capital and should be further supported and developed.

Ossama Shalaby, Chairman of Catalyst Developments, said, “We need clearer legislations for Egypt’s developers and mortgage funds to efficiently deal with international clients.”

Basheer Mostafa, CEO of First Group, said that effective planning is essential to attract foreign homebuyers to the country. “The planning of new cities must to be comprehensive, creating industrial, agricultural, residential, and commercial areas in every city in addition to cities having their own airports and being connected to the capital,” Mostafa added.



“There has to be a strong economic base first, so we can export our real estate abroad.”



AMR EL-KADY

CEO of City Edge Developments



“The main challenge to new cities is attracting residents.”



SHERIF SELEEM

CEO of Pinnacle Construction Projects



ALSHERIF WAHDAN
Director of East Coast

“Sweden has over 60 REITs, while the US, Saudi Arabia, and the UAE have around 2,000, 100, and 3 REITs, respectively



IBRAHIM EL MISSIRI
CEO of Somabay

“Registering real estate units, especially in touristic projects, should be given attention in order to drive more growth in the mortgage finance system.



Waleed Mokhtar, IWAN Developments CEO, added that developers and government should “know what foreign homebuyers want in order to tailor residential communities according to their needs.”

“We need strong domestic brokers, who have strong networks and an international brand to connect with brokers internationally and consequently attract foreign homebuyers to Egypt,” Mokhtar added.

Mohamed Banany, Vice President of Coldwell Banker and Coldwell Banker New Homes explained that from a macro perspective, both Spain and Dubai are models of countries that succeeded in exporting real estate. He said that Spain offers incentives such as tax exemptions for retirees while Dubai created the Real Estate Regulatory Authority (RERA), which he described as a “one-stop shop” for buyers and developers.

“Creating a professional market as a first step to exporting real estate requires having professional brokers,” Banany said, adding that to ensure brokers’ professionalism in the sector, “brokers in the USA, for example, spend two years training, while in Dubai, they undertake three tests before they hit the market.” He urged for similar measures in Egypt.

Invest-Gate’s roundtable was sponsored by AUR Capital, First Group, Catalyst Developments, Coldwell Banker, Saudi Egyptian Construction Company (SECON), and Iwan Developments.



NADER AWAD
Deputy CEO of ElSherouk for Touristic Development

“Lands offered by the Tourism Development Authority (TDA) to be offered in EGP instead of USD, or at least half and half due to the high inflation.



MOHAMED BANANY
Vice President of Coldwell Banker and Coldwell Banker New Homes

“Creating a professional market as a first step to exporting real estate requires having professional brokers.





THE CAPITALWAY: Bringing Luxury to the New Administrative Capital

Egypt's real estate developer, Equity Real Estate Development, unveils its latest project in the New Administrative Capital in a lavish launch party in Westin Cairo Golf Resort & Spa Katameya Dunes.

The Capitalway is set to be a destination for a wide range of units with a modern taste. To be located next to the Diplomatic District, the 42-acre- Capitalway is to feature G+7 residential and commercial buildings, offering apartments, duplexes, and penthouses, according to Equity Real Estate Development Company CEO Haitham Samir.

"The project will also feature a clubhouse, commercial outlets, and restaurants," Samir adds.

With a footprint of around 20%, "the project will have all units overlooking landscape and water features, providing a pleasing and soothing sense to the clients," the CEO notes.

The project is scheduled for official launch in the first week of February, with expectations to be delivered within four years.

All units, which will range between 80-350 square meters, will be high-end and fully finished.

Clients will be offered an attractive payment plan of up to 7.5 years, with a 10% down payment.

The Capitalway will be one of the most significant real estate developments in the promising new capital, guaranteeing its clients premium quality, prestige, and convenience, making it distinguished among any other competitive project in the region.

Hossam Hassan and Ahmed El Sewedy, owners of Equity Real Estate Development, are also behind The Waterway compound, which offers an array of residential and commercial opportunities in

New Cairo, including spacious modern apartments, and appealing retail and office spaces. The residential community is located in a distinguished area in New Cairo place and offers premium amenities.

FOR MORE INFORMATION CONTACT: 16516



Definition and Techniques

Valuation is the technique of estimating and determining the fair price or value of a property or business such as a building, a factory, other engineering structures of various types, land, private owned companies, etc. The main two types of appraisals are asset and financial valuation.

Valuation Approaches

In order to determine the valuation methodology, the various general valuation concepts and principals need to be identified and motivated, within main consideration of the highest and best purpose, use and value. The following are the basic approaches to property appraisal and company/business valuation

Asset Valuation

Sales Comparison

Compares the property to other properties with similar characteristics that have been sold or offered for sale recently

Cost Approach

Cost required to build a similar property according to recent prices (direct / indirect costs), including all necessary details plus the profit of the owner

Income Capitalization

Compares an investor's required rate of return to the net income a property produces post operation (residential rent or business profit)

Financial Valuation

Discounted Cash Flow (DCF)

DCF analysis uses future free cash flow projections and discounts them, using a required annual rate, to arrive at present value estimates. A present value estimate is then used to evaluate the potential for investment. If the value arrived at through DCF analysis is higher than the current cost of the investment, the opportunity may be a good one

Comparable Company Analysis (CCA)

CCA is a process used to evaluate the value of a company using the metrics of other businesses of similar size in the same industry. CCA operates under the assumption that similar companies will have similar valuation multiples, such as EV/EBITDA. Analysts compile a list of available statistics for the companies being reviewed and calculate the valuation multiples in order to compare them

Main Asset Valuation Processes



Main Financial Valuation Processes





ADVANTAGE

ASSETS & FINANCIAL VALUATION

Purpose of Valuation and Associated Property Types & Sectors

Valuation Purpose

The most commonly identified purposes of valuations are as follows:

Financing	Taxation of real estate
Listing real estate for sale/lease	Business Divestment
Investment analysis	Acquisition & Disposition
Property insurance	Business Tracking

Property Types / Sectors

				
Land	Residential	Commercial & Retail	Entertainment	Food & Beverage
				
Hospitality	Educational	Medical	Industrial	Information Technology (IT)

There are many reasons why a business owner or individual may need to know the value of a business. The typical standard of value utilized is fair market value. The fair market value standard consists of an independent buyer and seller having the requisite knowledge and facts, not under any undue influence or stressors and having access to all of the information to make an informed decision.

A business valuation is a complex financial analysis that should be undertaken by a qualified valuation professional with the appropriate credentials. Business owners who seek a low cost business valuation are seriously missing out on the important benefits received from a comprehensive valuation analysis and valuation report performed by a certified valuation expert. These benefits help business owners negotiate a strategic sale of their business, minimize the financial risk of a business owner in a litigation matter.

Coldwell Banker Commercial Advantage

CBCA is a full service commercial real estate company located in New Cairo, Egypt. The company specializes in commercial, industrial, retail, residential, land development, and real estate investment covering various services.

Our professional team enjoys significant investment, managerial, and real estate development experience acquired from global and regional powerhouses assisted by specialized in-house functional advisors, including, Engineering, Legal, HR, Finance, etc., in addition to the company's collaboration with top real estate experts/consultants who act as stakeholders on many tasks appointed by the company's esteemed clients. Such high level of experience and devotion will offer and result in the highest quality and perfect timing.

-  Acquisition & Disposition
-  Property Management
-  Development Management
-  Landlord Representation
-  Market Research & Analysis
-  Investment Analysis
-  Start-up & Small Businesses
-  Distressed Assets
-  Capital Services
-  Tenant Representation
-  Corporate Services

For more details, please contact | **Sherif Hassan, Development Director**

 info.advantage@cb-egypt.com  +2010 940 11466  CBCAdvantage  CBC Advantage

MARAKEZ PRESENTS AEON TOWERS AT CENTRAL WEST

In a prime location next to Mall of Arabia, the real estate developer Marakez launches Aeon Towers at Central West.

The 20-story apartment buildings are located in the heart of West Cairo in the midst of services, entertainment spots and important highways. The prime location allows you to go off the grid while still keeping you connected to the rhythm of the urban scene.

Marakez CEO Ahmed Dasha Badrawi says, "Marakez brings a modern take on Cairo's satellite cities. With Marakez, satellite cities become central with all amenities and features available."

Featuring a sports club, gym, concierge, residence lounges, gardens, swimming pools, a dog park and in close proximity to Mall of Arabia, Marakez's Aeon Towers is a complete mixed-use development that is set to raise the bar high in Egypt's real estate market.

Aeon Towers is the perfect example of a mixed-use development, which is "the future of real estate in Egypt," states Director of Sales Omar Ozalp. Sales Manager Nadine Hashem describes Aeon as "the first of its kind in Egypt" featuring penthouses, one to four bedroom apartments and massive greenery that completes the luxurious lifestyle the project presents.

Marakez is a member of the international conglomerate Fawaz Al Hokair Group which launched Mall of Arabia in 2010. With the success that followed the launch, Fawaz Alhokair Group saw merit in the Egyptian market which led to extensive investment in the retail development and fashion retail sector. In September 2015, Fawaz Al Hokair group assembled a new team of experienced yet young and innovative Egyptian professionals to alter the market through establishing the largest mixed-use development and management company in Egypt under the name MARAKEZ.





LUXURY RESIDENTIAL TOWERS AT CENTRAL WEST

19876



MARAKEZ



LA HACIENDA

RAS SUDR

0%

DOWN-PAYMENT

Up to

6 years

PAYMENT PLANS

0%

INTEREST

210 KM

FROM CAIRO



YEAR-ROUND DESTINATION

BALANCING THE GRANDEUR OF THE SURROUNDING NATURAL SCENERY, LAGOON AND GENTLY FLOWING WATERWAYS PROVIDE AN EVER PRESENT CALMING ATMOSPHERE, WHERE EVERY HOME OWNER CAN FIND INNER PEACE WITHIN A HARMONIOUS COMMUNITY.



A DELICATE BALANCE OF NATURAL BEAUTY AND ELEGANT DESIGN



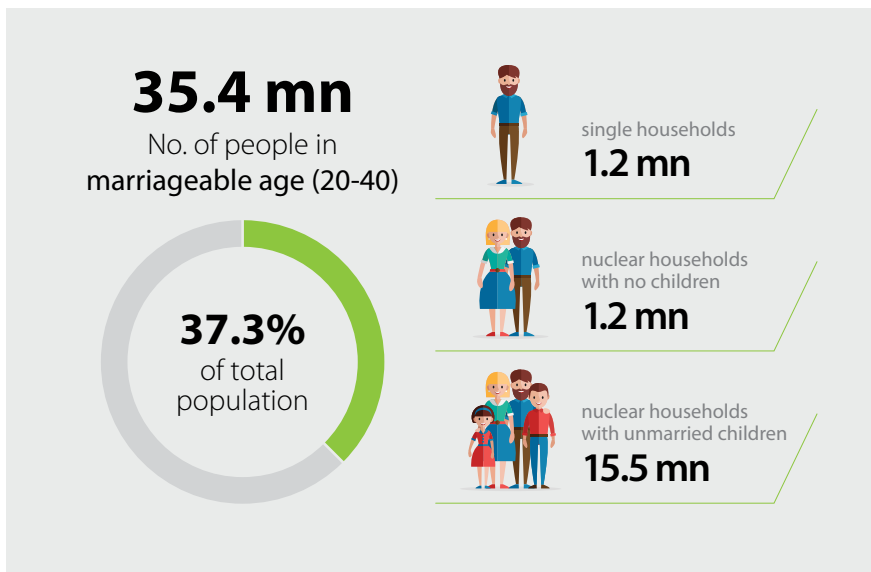
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www.lahaciendarassudr.com

Head Office: 20 A Mansheyet El Tayaran St., Heliopolis, Cairo, Egypt.

2017: HOUSING DEMAND & SUPPLY FOR NEWLY WEDS & YOUNG FAMILIES

RESEARCHED BY HAGER MAGDY



Egyptian Households Ratio

According to Type of Tenure in 2017



Government supply for young families (social housing units) mid 2014-2017



245,000
(80,000 per year)

Source of Raw Data: CAPMAS and Ministry of Housing & Urban Communities



REAL ESTATE TAX IN EGYPT

(LAW NO.117 OF 2014)

The property tax applies on all units established on Egyptian land other than the non-taxable properties, whether rented or occupied by the owner himself (the taxpayer), including finished and inhabited, finished and uninhabited, or inhabited and unfinished.

Non-Taxable Real Estate

- State-owned buildings specified for public utility and state-owned buildings as private possession
- Buildings allocated for performing religious rites and teaching religion
- Buildings that are expropriated for public utility
- Courtyards and cemeteries
- Tax-exempted real-estates
- Buildings owned by societies registered according to law, and labor organizations
- Non-profit educational buildings, hospitals, dispensaries, orphanages, charities
- Headquarters owned by political parties, youth and sports centers established according to the organizing laws
- Units of net annual rent less than EGP 24.000, taken by the taxpayer as a first residence for his/her family
- Units in a building used for commercial, industrial, administrative or professional purposes with net annual rent less than EGP 1200
- Real-estates owned by foreign governmental authorities on condition of reciprocity
- Non-profit houses used to hold social occasions
- Clubs and hotels affiliated to the Armed Forces, military complexes, medical centers, and hospitals

TAX RATE

The tax rate is **10%** of the annual rental value after deducting **30%** for residential units and **32%** for non-residential units for maintenance expenses the taxpayer bears.

The taxpayer should submit the tax declaration for all the real-estates he/ she owns or utilizes once every five years within the five-year survey within the second half of the year preceding the survey.

Real estate tax is to be paid annually on January 1st.

Tax On First Residential Unit

rental annual value (EGP)	annual tax (EGP)
36,000	120
45,000	750
54,000	1,380
53,000	2,010
72,000	2,640

Tax On Non-Residential Unit (Administrative/Commercial)

rental annual value (EGP)	annual tax (EGP)
1,800	2.4
2,700	63.6
3,600	124.8
5,400	247.2
9,000	492



CAIRO FESTIVAL CITY: A Complete City Within The Big City

BY FARAH MONTASSER



The mixed-use community, Cairo Festival City, in the heart of New Cairo, turns heads on the hands of renowned international property developer Al-Futtaim Group Real Estate. Invest-Gate sits with the group's Managing Director Eng. Ashraf Ezz to showcase the latest of Al-Futtaim Group project, Cairo Festival City, in Egypt and presents his outlook on Egypt's real estate sector in 2018. Ezz shares some insights as well on the investment climate and the future of the market on the long run.

How do you assess the investment climate in Egypt today given all economic reforms with its effects on real estate?

It is definite that the real estate market in Egypt has seen progress in 2017 when compared to 2016. The demand on real estate has risen to 80% last year, widening the gap between demand and supply and to us, developers... that is a privilege.

The economic reform was a must to develop Egypt's economy and that left us with higher costs on everything. The devaluation of the pound led to price hikes of 35%. But developers have managed to make ends meet, offering various flexible payment plans and unit size options to guarantee its affordability for every homebuyer and meet their needs.

Throughout 2017, such marketing tools were on a constant update and correction to maintain the affordability of the client.

How do you view the mortgage plans and financial methods used today?

Well, we have seen some progress in that area. The only evident mortgage plans and financial funds come from the Central Bank of Egypt (CBE), yet they remain only devoted to the middle-and lower- middle classes; in other words those with limited budgets. The system, as a whole remains, unorganized; and we are in need of a diversified system that caters to all social classes. In regards to a proper financial fund program for all categories, this remains unavailable in Egypt. It is the developers, who create different payment methods, and financial loan plans to compensate this unavailable service.

With the increasing demand we are witnessing and with the market growing, there must be a proper program set by the government.

Mortgage and financial plans are a big challenge for us. With the increase of prices, homebuyers will need a feasible financial plan to be able to make their property purchase.

How do you foresee the real estate market in 2018?

With the progress we have seen in 2017 from 2016, I find 2018 will be better than the past years. The client's behavior will change. I believe we will see true homebuyers, those who are keen on investing in new homes. Due to the high interest rate, real estate investors will seek other investment opportunities within the market, namely, commercial, and office properties. This is why we thought of diversifying further our offering and thought of launching The Podium, which is a new business park that comprises small- and medium-office spaces offered for sale.

With the buying trend changing in 2018, will developers too change their development trend in designs and sizes, for example? Who do the developers cater to more?

The adjustments in payment methods and installments led us towards adjusting our developmental projects especially in the sizes offered. Al-Futtaim, for example, has designed smaller size units to its project, Cairo Festival City, to cater to the new market trends and to minimize the gap between the income and interest rate of installments and lifelong maintenance expenses. The main objective was to cater to a wider target group and respond to the market gaps.

What is in the pipeline for Al-Futtaim Group's Cairo Festival City?

Our Cairo Festival City is a fully integrated city aside from the mall, which is our famous landmark in the country today. Our city includes of course residential units that vary in size from 150 to 800 square meters to cater to various needs. We also provide mid-rise buildings where apartments are to be handed over completely finished with central air conditioning and ready- to-move in during 2018. We are keen on giving different services to our clients than that available in the market today. In 2017, our villas were either standalone or twin houses. In 2018, we introduce a new product. This new product comprises four attached villas with a private garden for each. We give the buyer all features of a standalone villa but on a smaller size of land. We are also about to launch our office park "The Podium" introducing office spaces of 70 up to 40,000 square meters, depending on the size of the client's company of course. So businessmen, entrepreneurs and investors now can locate their companies at Cairo Festival City to enjoy all facilities. Just like the residence, the offices too are to be delivered fully finished. The Podium will also offer businesses, that wish to do their fit-outs, core and shell space.

Is the integrated community of Cairo Festival City to move to another city in Egypt or will it stay only in New Cairo?

Our Cairo Festival City product again is fully integrated. We have residence, offices, entertainment, daily services, educational premises, and sports clubs. When Al-Futtaim embarks on a new project, we focus on three main things; services, location, and the city management to provide for a certain quality of life. Cairo Festival City can expand in any other location across Egypt given the second and third objectives we have; but the location, for the time being remains to be an obstacle. Our location in New Cairo is so unique and we still haven't found any other place to expand.

Speaking of new developments, do you see El-Galala City vital to enrich places like Suez and Ain Sokhna?

The government is now working on developing new areas across Egypt's major cities to encourage further investments and also help meet the real estate demand. However, I believe that El-Galala City will be a touristic destination but not for permanent residence unlike El-Alamein City or the New Administrative Capital.

Where exports are concerned, can we export our real estate market to the outside world and compete on the world map to attract foreign homebuyers?

This is done through our participation in international exhibitions as a start; within those exhibitions, there are several types of potential buyers we seek. First and foremost, we target the Egyptian expats. Given the devaluation of the pound, their income bracket has increased when converted to their home currency, allowing them a new investment opportunity in Egypt as it has become a more affordable real estate market today when compared to its neighboring countries. By nature, Egyptian expats are keen on buying properties in their hometowns.

The political unrest in Egypt throughout the past years and the economic instability has driven foreign investors off the Egyptian real estate market and now is their comeback, I believe. I reckon that with all developments across the nation, and the projects of high quality available like that of Cairo Festival City, they are re-gaining trust back in the sector and are eager to purchase properties in Egypt.

Foreigners are also a priority. Foreign homebuyers, in my opinion, are looking for a retreat and the quality of life when buying a home outside of their countries. Yes it is their second or even their third home but they are after maintaining their original lifestyle. You cannot just approach them with units that meet world-class standard only... you sell the city or country itself. Security, accessibility, traffic, daily facilities, and value of the investment come in play. Having said that, I find that touristic destinations across Egypt like the Red Sea, for example, attract them more and still such places need further enhancement. I do not believe that any foreigner would want to purchase a unit inside Cairo today maybe in the future when the conditions in Egypt as a country change.

Running a foreign developer as big as Al-Futtaim, how do you see other foreign investors entering our market? How can we win their trust back?

The investment climate in Egypt is progressing indeed but one must first meet the foreign investor's needs. A foreign investor wants of course to profit and afterwards be able to return this profit to the mother company abroad in the same currency they entered with. Such guarantees are not entirely met today but Egypt is moving forward towards a more stable and comfortable investment climate. I believe that the New Investment Law has put us on the right track but we need to give the investors some time to gain this trust back.

2018 seems hopeful for the real estate market, what obstacles that you think might hinder its growth in 2018?


As a vital member of the Egyptian real estate market, I can say that all members or key players are always in the lookout for opportunities and trends that keep them going. What makes us worry is the surprises or unexpected circumstances that we often meet and quickly need to resolve to save our presence in the market with minimal losses. Everything originally is well studied and planned for long-term investments and project developments; but comes certain obstacles or challenges like price increase due to currency exchange, oil, electricity, land, and construction, or legislation – to put it simply- that sets us back for sometime until the issue is resolved. Sometimes the developer needs to start over, which costs us a lot of money.

Unlike before, today, the government has been listening carefully to the investors' needs and I see development going on so many levels. Yet I urge the government to address the above-mentioned issues carefully for this sector to properly develop.



Cairo Reimagined Becomes Reality

BY FARAH MONTASSER



Cairo Reimagined was the concept and the marketing campaign that took the entire capital by a storm, highlighting life in the glorious Cairo, as it should be. Featuring a home for every family, Invest-Gate explores the world of Madinet Nasr for Housing and Development (MNHD) in the hands of CEO Ahmed El-Hitamy. In a friendly conversation, El-Hitamy discusses his vision on the real estate market in Egypt today and showcases what MNHD has in store for young couples or young families.

How do you assess the real estate market throughout 2017 and up until today?

2017 was a good year for the real estate sector and especially for MNHD. We managed to reach our growth target of 38% and are moving forward. I am sure medium- to small- sized enterprises had to suffer given the harsh economic reform plan. Some developers suffered with the long timeframe of installment plans on offer and to keep up with their clients' affordability of their products.

What was the severe effect of such reform plans on the market?

It definitely increased the construction cost and project expenses and that was the major obstacle for most developers, leading them to restructure their business model and correct their strategies. It affected the affordability of the clients as well.

On a positive note, it attracted Egyptian expats, given this cheap market, to invest in real estate back home.

MNHD remained fortunate within this aggressive market competition given the affordability factor. We have two main projects in attractive locations in east Cairo- the booming location today- and another in west Cairo. Those two locations enabled us to serve two different price points.

To give you an example, we launched Taj City early 2016 with EGP 9,000 per square meter. By end of 2016, prices escalated to EGP 13,000. We, then, launched Sarai with EGP 9,000 per square meter. Those who missed the initial price launch of Taj City, could still own a property within the same price range in Sarai City. This market segment could still find another product of MNHD made affordable to them. This was a great advantage and a boost to us.

We are also the most efficient company in unit designs. The Gross to Net in MNHD can reach 12%, which is typically around 25%-30%; and this means that a two - bedroom apartment in the market can be about 150 square meters, while we provide the same dimension and space but within 110-120

square meters. We make use of wasted space.

Having said that, MNHD also stood out with its payment plans. Land acquisition comes to our advantage too. We don't need installments to pay for land. We buy the land first, allowing us to offer more flexible payment terms. However, we care to maintain our present value of our products. Mind you, this is why we introduced the zero-down payment back then when this was considered a strange move. We found this to be the best strategy to overcome the situation.

Some believe that those extended payment plans are to allow room for delayed deliveries and not meet the original deadline. What is your comment on that?

Well this might be an advantage that comes along to some developers but to MNHD this is never the strategy or plan. With our payment plans and the "zero down payment", our delivery target for 2017 was to handover 500 units yet we fully delivered 650 units instead. Taj City delivered 1500 apartments. We never fell into this trap and I don't think we will ever!

Do you see the current government imposing some challenges or obstacles on developers?

Well it depends on the governmental entity you are dealing with. It differs from the Governorate of Cairo Authority to NUCA for instance. However, in my opinion, I find the current government with all its entities is seriously working on the development of Egypt on all aspects and not just where real estate is concerned. Of course, one might bump into some inefficiency but those I find fixable and are currently improving. Partnerships with the private sector are a great step and a perfect example to answer this question in addition to the massive lands on offer and the infrastructure and facilities upgrade today. One might argue that such lands are very high priced but this is to cover for the government's expenses. I see that there are some issues that need to be resolved; however, the government, where real estate is concerned, is constantly improving.



Speaking of state development, now that the government is producing new cities, MNHD sees which is the next booming city for real estate development?

The New Administrative Capital is an obvious call. To our benefit, Sarai City lies on the outskirts of the new capital. Aside from the new capital, New Assiut City Alexandria, and the New Delta, in general, come in the front run and where I think real estate investments will come in heavily.

Why those locations in particular Assiut, Alexandria, and Delta, as you mentioned?

They are underserved. There is basically no one there. Up until today, the locals of those cities demolish old building to build new constructions but they lack serviced projects like those Cairo-based. There are also no lands offered for expansions. As we speak, the government is to grant Alexandria about 14,000 acres of land to expand its borders, which by default opens up room for developing companies to come in and reconstruct the city.

Mansoura, too, is among the list of cities that are soon to be developed. They have high disposable income with no investment opportunities at the moment.

How do you foresee the real estate market in 2018?

I see it very positive. In 2018 the interest rate and inflation rates will drop. Some of the Suez Canal certificates and those of Al Ahly Bank will mature, giving the government a lot of surplus cash. So the market will see more demand on investment opportunities. We are expecting to see a lot of new players in the market, leading to more aggressive competition, which I believe would be very challenging.

However, whether the market will meet this increasing demand that result from the expected cash surplus in 2018, remains to be seen.

We will see, also, some other inflation re-factors by mid 2018, including oil and energy, but it will not be as drastic as last year.

What does MNHD have in the pipeline in 2018?

MNHD today enjoys premium locations and we are looking into expanding our brand in new places to secure our growth.

What are the market trends in 2018 in your predictions?

I see us moving towards the norm like everywhere else around the world. Our market will see more smaller - sized units offered like in Europe. The ratio between buying and renting will, too, go back to normal like in any other country. Once the current inflation subsides within the next two to three years, once we have single digit inflation and single digit interest rates, mortgage will be more evident, leading the buying activity will go back to normal. It will be more of a governing trend rather than real estate market trend that will take place in 2018 and the following years that would eventually affect the real estate market trends.

Real estate trend is currently affected by the social trend of independence and the ever- changing marital status, increasing the demand but on smaller sized units. We see today smaller - sized units are in favor. Rentals are in favor, too.

Do you see exporting real estate trending?

Yes and that's why developers seek international exhibitions to showcase their products, but is this enough to prosper this new market trend that's the question?

Well no. I find this a very good step moving forward yet a lot more needs to be done in that regard. Developers along side any organizer need to work closely together to organize and market such exhibitions in a more efficient manner to boost international or foreign real estate investment.



BEST MORTGAGE PLANS FOR NEWLY-WEDS

BY OLA NOURELDIN

Despite the housing boom in Egypt, and the countless payment options that have recently become available to buyers, the mortgage market is still in its infancy with limited popularity despite being widespread in other parallel markets, internationally. For that reason, Invest-Gate surveys a number of banks and mortgage companies to guide newly-weds through when starting a family.



BANKS

CENTRAL BANK OF EGYPT

Low Income

(individuals: EGP 3,500/month- families: EGP 4,750/month)

- Units maximum price to be defined by the fund
- Up to 90% of the unit value
- Installments up to 35% of monthly income
- Up to 20 years repayment period
- Interest rate: 5% with annual depreciation for lower than low income - 7% with annual depreciation for low income
- Down payment: 10% of unit value

Middle Income

(individuals: EGP 10,000/month – families: EGP 14,000/month)

- Units maximum price: EGP 700,000
- Up to 80% of unit value
- Installments up to 40% of monthly income
- Up to 20 years repayment period
- Interest rate: 8% with annual depreciation
- Down payment: 20% of unit value

Above Middle Income:

(individuals: EGP 15,000/month – families: EGP 20,000/month)

- Units maximum price: EGP 950,000
- Up to 80% of unit value
- Up to 20 years repayment period
- Installments up to 40% of monthly income
- Interest rate: 10.5% with annual depreciation
- Down payment: 20% of unit value

Bank Audi

- Up to 75% of unit value
- Interest rate: 15%
- Up to 20 years repayment period
- Unit has to be built with utilities installed

Arab African International Bank

- Up to 80% of unit value
- Interest rate: 18.96% (EGP 10,000-20,000/month - unit value: EGP 2 mn)
- Up to 15 years repayment period
- Installments up to 40% of monthly income
- Unit has to be built with utilities installed
- Nationality: Resident - Non-Resident Egyptians - Resident foreigners

Credit Agricole Bank

- Up to 80% of unit value
- Interest rate: 12%
- Up to 20 years repayment period
- Up to 40% of monthly income (interest rates 5-8% if income is directly transferred to the bank)
- Installment plan: adjusted with client

Commercial International Bank (CIB)

- Up to 80% of unit value
- Loan starts from EGP 120,000 up to EGP 5,000,000.
- Up to 20 years repayment period

COMPANIES

Tamweel Mortgage Finance

- Up to 80% of any unit value
- Up to 15 years repayment plan for employed/self-employed
- Up to 10 years repayment plan for Egyptians expats and foreigners
- Installments up to 40% of monthly income (with a possible 7% increase annually)
- Repayment is either quarterly, semi annually or annually, which is beneficial to clients in decreasing the mortgage finance period and interest.

Low Income Housing

- Mortgage loans tailored according to needs
- Up to 90% of the property value
- Up to 15 years repayment plan for employed/self-employed
- Installment starts at EGP 160 for the single and married clients
- Up to 25% of monthly income for low income housing (with a possible 7% increase annually)
- Repayment is either quarterly, semi annually or annually, which is beneficial to clients in decreasing the mortgage finance period and interest

Egyptian Housing Finance

- Up to 80% of unit value
- Up to 15 years repayment plan
- Up to EGP 10 mn finance loan
- Interest rate: 17% (EGP 10,000/month, unit value EGP 2 mn)
- Up to 10 years repayment period
- Life & unit insurance throughout the loan duration
- Applicable to registered units, eligible ones for registration, new urban communities/ cities located in: Greater Cairo, such as (New Cairo City /6th of October City), and all over governorates in Egypt including Ain Sokhna, North Coast

SAKAN FINANCE

Sakan Flex Finance:

up to 18 years repayment period
up to 80% unit value
loan starts at EGP 3 mn

Sakan 1-2-3:

Up to 80% unit value
Up to 10 years repayment period
Loan starts at EGP 3 mn
10% interest rate increase after your first 12 installments,
20% interest rate increase for the next 24 installments
20% interest rate increase for the following 24 installments thereafter

Sakan Smart Finance:

75% unit value
Up to 10 years repayment period
Loan starts at amount EGP 3 mn
Monthly installments decrease year after year, with an end of year bullet payment

Sakan Home Trust Finance:

70% loan to value
Up to 10 years repayment period
Up to EGP 2,500,000 loan
10 years repayment period
Pay 50% as a single payment at the beginning
12% less on your monthly installment when loan matures so you save more as you go along

Sakan Home Finishing Finance:

75% loan to value
15 years repayment period
Up to EGP 1,500,000 loan

INVESTING IN REAL ESTATE: The Complete Guide

BY PASSANT DARWISH

The real estate market is flourishing today, creating new trends and fading old ones. Invest-Gate gives you the complete guide on property purchase across the capital.

“Many think of real estate investment as a money pot,” Vice President of Coldwell Banker and Coldwell Banker New Homes Mohamed Banany tells Invest-Gate.

The Current Purchase Trends

One recent development in the real estate market is the increased decline in speculators, or short-term real estate investment, where the investor buys a unit and sells it quickly for a profit. Instead, medium- and long-term investments have become more dominant in the market. This is due to a number of reasons, including some developers’ putting restrictions on selling units until owners pay 25% of the property’s value, waiver fees on housing units could reach from 5% to 7%, which limits investors’ profits, as well as, limited liquidity in the market.

Another real estate rising investment trend, according to Banany, is investing in small spaces. Small residential units are lower in prices, so they would suit more incomes, and are easier to both sell and rent.

“For the time being, people are looking at the new capital more for investment,” Banany states.

A fourth pattern is closing the purchased unit rather than renting it. “There are around 11 mn uninhabited units in Egypt,” Fathallah Fawzy, MENA Group founder, has estimated during Invest-Gate’s strategic real estate roundtable. JLL’s report predicts that “rents are expected to increase in 2018, due to extended delays in the delivery of products within gated communities.” It is yet to be seen if the increased demand in rent will be met with an increased supply.

How To Make The Best Purchase

Investing in real estate continues to be one of the safest investments, however, there are a number of aspects to consider for a higher return on investments. Invest-Gate provides a guide for families wishing to invest in the market.

1) Location

“The number one thing to look at in regards to real estate investment is location, location, location,” he stresses, adding that the selection of a prime location is multifaceted; it involves the selection of the district, then the location of the project within the district, followed by the location of the residential unit inside the project. “The district should be close to services and amenities such as universities, hypermarkets, and hospitals.”

2) Think Long-Term

A number of developmental projects have been built and are currently under-construction in the country and this rapid construction is bound to reflect on the real estate market. The key is to keep track of the developments taking place and think long-term of the possibilities of each area in order to have a higher return on your investments. Case in point is Ain Sokhna, which is currently undergoing a number of mega investment projects such as the Ain Sokhna Industrial Zone.

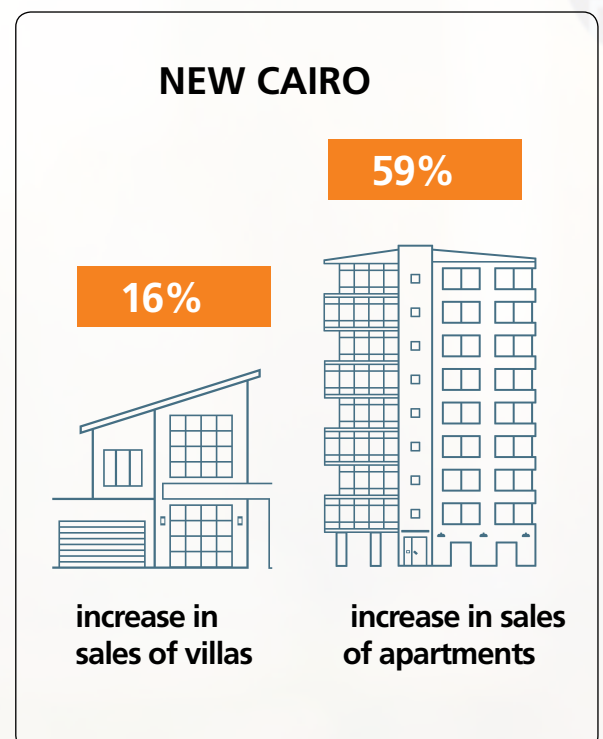
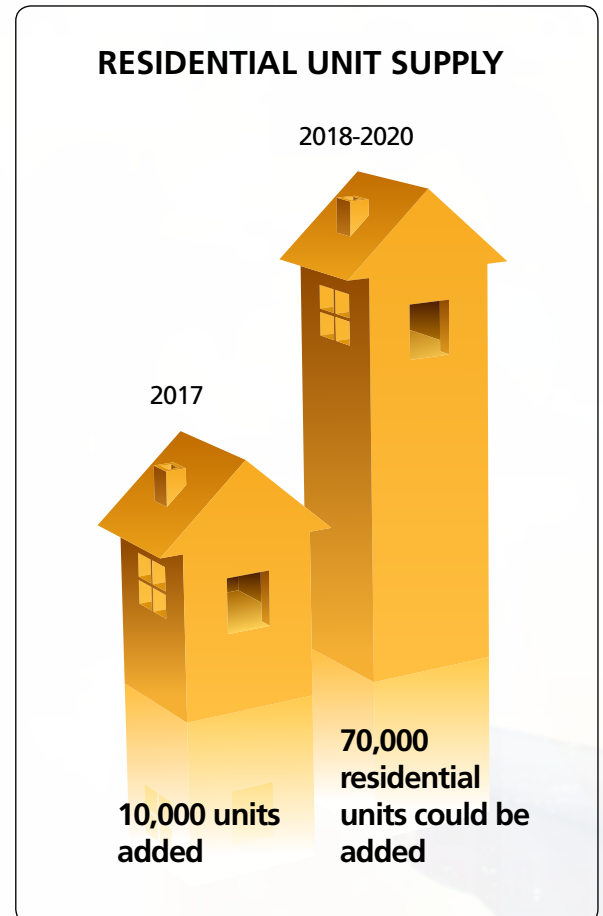
“Ain Sokhna is gradually turning from a second-home hub to a first-home location,” Banany reveals, adding that the rental value is expected to increase because of foreigners, who would work there and would want to rent properties.

3) Trusted Developers

An important aspect of selecting a residential unit is making sure that it is developed by a strong, trusted developer. Make sure to do your research on the developer’s previous projects to ensure that they deliver on time and execute all services and amenities they promise.

4) Payment Plans

Invest-Gate concludes during its Strategic Roundtable that a number of measures have been introduced to protect the market activity and those include offering extended payment plans, and installments with zero interest rates. With a multitude of payment plans available and installments reaching up to 10 years, investing in real estate has been made easier.

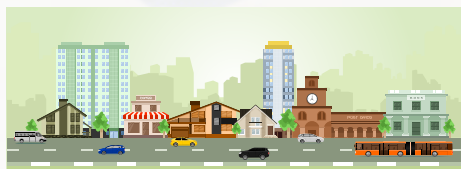




NEW ADMINISTRATIVE CAPITAL

40%

real demand



investment purposes

60%



RENTING HOMES IN EGYPT: A RISING TREND

BY PASSANT DARWISH

A rising trend in the Egyptian real estate market is newlyweds renting apartments for a number of reasons that surpass the conventional reasons such as budget constraints and inability to afford buying a housing unit. Invest-Gate examines Cairo’s rent market with its current trends and status.

It has become apparent in Egypt today that more newlyweds start their new lives with their significant others renting units because of the increased cost of living; and also because they have purchased residential units with delivery in five or six years time.

Newlyweds, commonly, have to wait for the districts they purchased their units in, specifically new cities and districts, to be livable and house all necessary services.

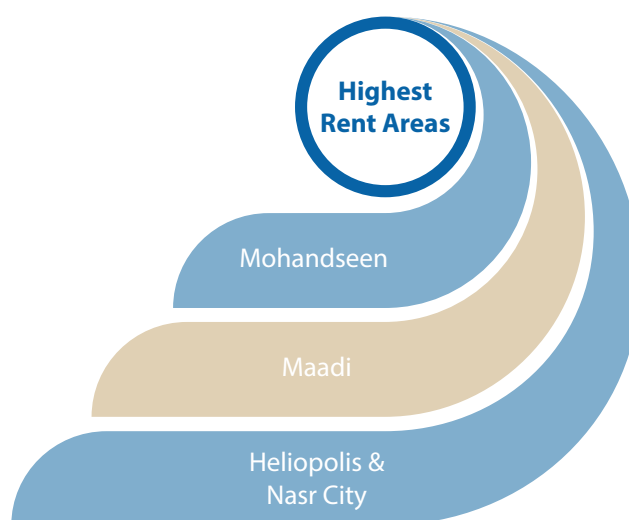
Residential rent in Egypt offers investment returns of an average of 8% to 10%, a percentage that is higher than some countries in Europe, as most brokers across the country confirm.

However, this does not mean that everyone wants to get on board with the renting trend. Estimates place uninhabited units in Egypt at over 12 mn housing units.

“Owners do not like to rent their properties; it is too much hassle and they do not want to encounter potential troubles with renters,” Ahmed Abdel-Fattah, development Manager at Aqarmap tells Invest-Gate.

The current bank interests averaging 16% offer a more financial incentive than renting property.

As to the supply and demand in the rent market, in some areas, according to Abdel-Fattah, such as Mohandseen, “it is difficult to resell residential units there and the properties’ prices do not increase significantly; however, rents are very high due to international companies that rent units for their employees.” The same holds true for Maadi, which is a hub for petroleum companies and many foreign workers, he elaborates.



A high demand does not always mean an increase in prices, however. “There is a very high demand on rent in New Cairo’s El-Rehab and Madinaty residential compounds but the supply is plenty so the rent prices are low,” Abdel-Fattah reveals, adding that people, who work in New Cairo and cannot afford the higher price range of the Fifth Settlement so they rent in Madinaty instead.

As to trends affecting the rental prices, rents tend to peak in summer, according to Abdel-Fattah, citing tourists inflows. “This does not affect the rent prices for long-term rentals,” he elaborates “however, it limits the options available in the market.”

YOUR RENT GUIDE DO'S & DON'TS

BY PASSANT DARWISH

Research has shown that many young couples are increasingly renting homes, either because they cannot afford to buy their own housing units or because they are waiting for their housing units to be delivered as delivery dates can take up to four years. The hunt for a unit to rent might seem difficult and overwhelming; Invest-Gate eases this journey by providing a guide on the dos and don'ts of rent in Egypt.



Location

- Location is very vital so make sure that there are services near your chosen unit such as transportation, hospitals, nurseries and schools.
- Make sure to visit the street of the housing unit you are considering at night to make sure it is a safe community in general and that streets are lighted.
- Avoid "hotspot areas", where the demand is high and so are the prices and opt for slightly further areas but with lesser prices. Central areas such as the Fifth Settlement tend to be overpriced, as there is a high demand on units. You could rent an apartment a bit further such as in Madinaty, where the supply is high and prices are lower.



Getting a Good Deal

- Some bargaining tools to use while negotiating a rent deal is paying only one month as a security deposit instead of two months' rent or negotiating a multi-year contract instead of a shorter term contract.
- Some renters offer unfinished apartments for rent; try to negotiate to finish the apartment at your expenses and deduce it from the rent money. This way, you can get to choose the finishing of the apartment with your own preferences and not paying for all or some of the expenses.
- If rent prices in gated communities are above your budget, try to search for units in "mini compounds," which offer some exclusivity such as security guards but not all the amenities and services of gated communities such as gates encompassing the project.



Expand Search Tools

Having a local real estate agent to guide you through the house hunting process is very important but you should widen your search tools; ask friends and families if they know of any units for rent and check online brokerage platforms. If there is a specific neighborhood or gated communities you have in mind, ask local porters and security guards, as they usually know of apartments being offered for rent.



GOVERNMENT'S HOUSING PROJECTS: FUTURE LIES AHEAD

BY JULIAN NABIL

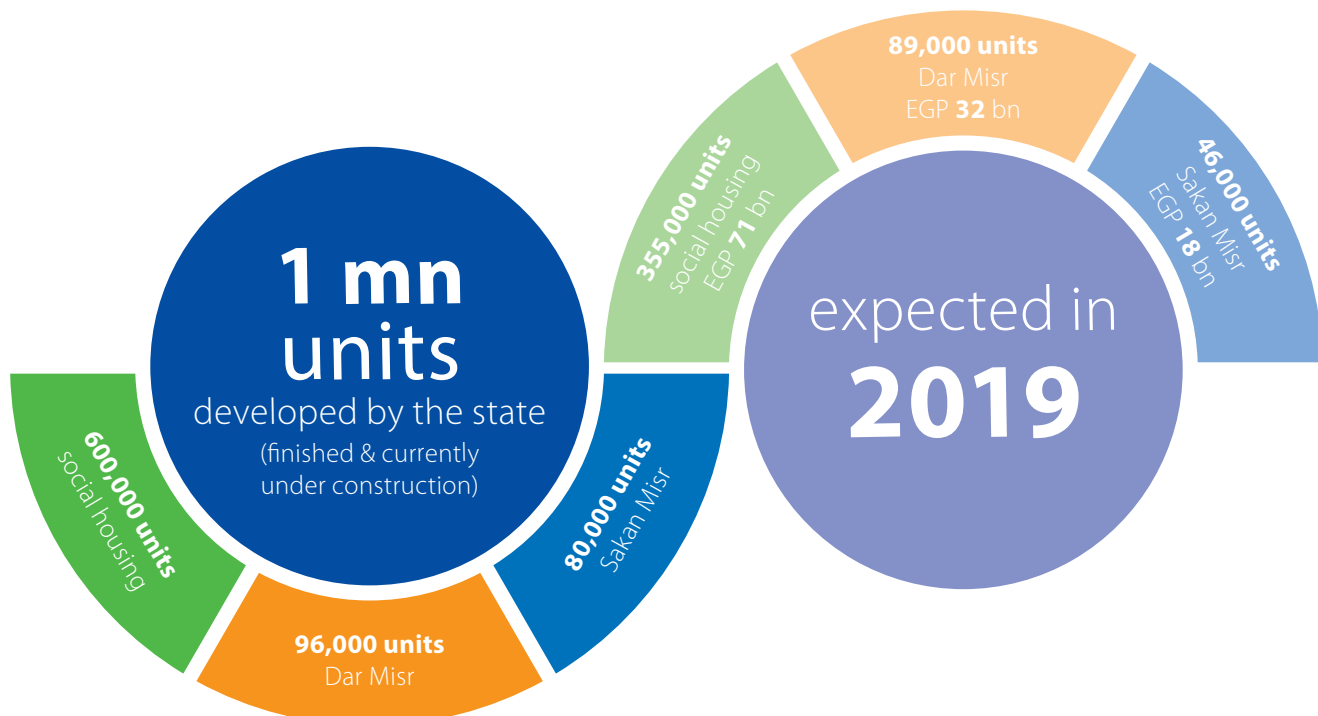
PHOTOS BY: ELWY EL-MANZALAWY

In the light of the growing population and rising demand on housing units, the Egyptian government is adopting a strategy towards providing adequate housing for all social classes through the social housing program, providing units within planned communities with all the facilities needed. Invest-Gate digs more into this file, exploring the clients' feedback and the government's efforts to cater for all buyers' needs.

The Housing Ministry launched a number of projects to serve the youth from different social classes such as the "One Million Housing Units", which is one

of the largest national housing projects in the world with investments over EGP 150 bn, according to Mona Kamel, the spokesperson of the New Urban Communities.

Projects within the "One Million Housing Units" include the new distinguished social housing project Sakan Misr, Dar Misr for middle class, and Beit Al Watan for Egyptian expats. The state also offers land plots for social housing and distinguished housing.



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LOTTERY SYSTEM AND WINNING CHANCES

Housing units are sold through a lottery system. Applicants can apply through the branches of the Housing and Development Bank by paying a down payment and submitting all the required papers. If their names are drawn, winners finalize their paperwork, pay a further due amount and then complete their installments as scheduled; those whose names are not picked, can either withdraw their deposit or leave it to have a better winning chance in the following lottery draw.

Invest-Gate interviews a number of buyers, who won housing units in the lottery system, exploring their views of the whole application process, as well as, applicants' winning chances.

"Honestly speaking, the papers required for application were simple and few," **Mohamed Talaat, an automation engineer**, who bought his units in Al Obour City," tells Invest-Gate. He adds that he only applied by submitting a copy of his national ID.

"The project I applied for, Dar Misr, was for the middle-class income level so neither a salary sheet nor any additional papers were required," Talaat says, adding that the entire application process took about two hours in the bank.

Khaled Othman, electric engineer, reiterates that the application process was not complicated and that almost anyone can apply. "The process starting from the application procedure up to getting the unit took me around 18 months," he says.

Mohamed Hamouda, an engineer, tells Invest-Gate that he had an even easier experience applying to and winning the lottery with procedures taking around three to six months.

Although the application process was regarded as easy, those who Invest-Gate spoke to thought that it was a tight race for winning the lottery.

"The chance of getting the apartment was 50% although the units' prices are not cheap," Talaat notes.

"Winning chances are few due to high number of applicants; I did not win from the first time so I left the down payment in the bank for around one year, which was a risk, yet I won in the second application," Hamouda says.

"Luck plays a role in the lottery system," says **Amir Abou Zeid, a broker**, who applied for the first phase of Dar Misr El Andalous and did not win, yet he won in the second lottery announcement.

However, **Ashraf Nazih**, who bought a unit in Dar Misr project for his 24-year old son Ahmed, notes that the lottery system offers a good winning chance as the government increased the supply.



WHO OFFERS BETTER PAYMENT PLANS: GOVERNMENT OR PRIVATE DEVELOPER?

Invest-Gate meets up with a number of buyers, who share their experience with payment plans and all the related installments.

My unit is priced at EGP 3,900 per square meter. I paid 20% of the unit's value upon winning the lottery and have to pay approximately 2% every three months till delivery, with the remaining amount to be paid through 16 installments over four years or through a loan.

Khaled Othman
an electric engineer

I bought the unit in October 2014, and won the lottery in December 2015. I paid EGP 45,000 worth of down payment and completed a 20% of the unit's value, with EGP 10,000 should be paid every quarter for one year then EGP 25,000 every quarter for four years.

Mohamed Hamouda
an engineer

I see that the unit's price is really good and one pay reasonable installments till the unit is handed over. I bought my unit three years ago for EGP 4,000 per square meter; I paid EGP 140,000 at the beginning and EGP 10,000 every three months for one year. I was supposed to pay 28,000 every three months after getting my unit, but I did not till now so I continued to pay EGP 10,000 every three months up to date.

Amir Abou Zeid
a broker

I bought my unit by the end of 2014, and paid a 20% down payment. There are quarterly installments worth EGP 10,000 till the unit is received, and the remaining value is to be paid over four years.

Mostafa Saber
an engineer

I bought my 140-square-meter apartment a year ago and I paid EGP 120,000 so far and the remaining is EGP 360,000 worth of installments over four years.

Mohamed Talaat
an automation engineer

WHY BUYERS OPT FOR GOVERNMENT'S PROJECTS?

Many clients preferred to buy apartments developed by the government rather than the private sector. Here is what they said.

"Apartments offered by the government have more advantages than those developed by the private sector. The units offered by the government are turnkey ones so I do not have to bring workers to paint and do the finishing, and deal with all this headache. The government's units are also 30% cheaper than the private sector for the same compound within the same district. The unit is also planned to be inside a compound with all the facilities needed and there is already everything around like a school, a hospital, a club, and Carrefour hypermarket," - **Mohamed Talaat, an automation engineer.**

"The government offers competitive prices that are reasonable enough and lower than the private sector. There is a guarantee of delivering units with a good quality since it is

under the supervision of the Armed Forces Engineering Authority," - **Khaled Othman, electric engineer.**

"Although prices of units developed by the government are the same as what the market offers, the government's projects are more trusted in terms of legal registration. In other words, one can guarantee getting his unit by the end," - **Mohamed Hamouda, an engineer.**

"Dealing with the government is safer than any other entity as delivery dates are set as per a schedule. In addition, the government offers better prices than the private sector," - **Mostafa Saber, an engineer.**

"Prices are reasonable for the quality provided; the units are finished in a good way. I preferred the government's projects as they are more guaranteed in terms of quality

and services. Although some of the delivery dates are delayed, the government is still better than other private developers." - **Ashraf Nazih,** who bought a unit in Dar Misr project for his 24-year-old son Ahmed Ashraf.

"Dealing with government is guaranteed in terms of getting the

unit even if there is a delay. For the private sector, one has to deal with a small developer to get a unit with a good price but there might be a fraud risk, while the renowned developer offers expensive units." - **Amir Abou Zeid, a broker.**

GOVERNMENT HAS ITS SAY

Mona Kamel, New Urban Communities Authority (NUCA) spokesperson says:

"There is a high demand on the government's projects for many reasons, the first of which is that fully-finished units are mostly valued at a maximum of EGP 600,000; the prices of units are 20% less than their market value."

"Units offered by the government are priced at EGP 5,000 per square meter excluding the land price, while those offered by the private sector are worth EGP 7,000 per square meter as they add the land's value to the final price. For the same reason, the private sector does not implement projects for middle class as they have to bear the land price to offer reasonable prices, while the government does not."

"Some clients also tend to save their money through buying the units for being afraid of inflation or further currency devaluation. Big trust in quality of projects by the Armed Forces Engineering Authority is another reason."





A NEW BEGINNING | SPRING 2018



By :



WHAT AREAS HAVE BUYERS CHOSEN AND WHY?

Trying to understand where the future lays, Invest-Gate talks with a number of buyers to know what areas they prefer to reside in.

"The main reason behind the high demand is that the government's projects are established in distinguished locations such as 6th of October and October Gardens," **Mona Kamel, the spokesperson of the New Urban Communities (NUCA)**, says.

"I chose Obour City because it is the nearest district to my family home. It is connected to the Ring Road and the living areas, and it is also a little bit cheaper than the fifth settlement," **Mohamed Talaat, an automation engineer**, who bought a unit in Dar Misr project, explains.

"I bought my apartment in New Cairo as it is has a promising development future and is a location for many high-end projects," says to **Khaled Othman, an electric engineer**.

New Cairo was my choice for being a planned community with all the services available, **Mohamed Hamouda, an engineer** notes.

"I picked New Cairo for being a distinguished and organized area and having an access to all surrounding districts through the Ring Road and Suez road. It is close to the New Administrative Capital," according to **Ashraf Nazih**, who bought a unit in Dar Misr project for his 24-year-old-son Ahmed Ashraf.

I always wanted to buy in New Cairo due to its closeness to a lot of universities and schools yet prices were very high, so when the government offered units in this area with lower prices I applied to buy without any hesitation, according to **Amir Abou Zeid, a broker**.



WORK IN PROGRESS YET CHALLENGES REMAIN

Despite the high demand on the projects developed by the government, some clients are having an issue with delays in delivery dates. Invest-Gate discusses the issue with a number of applicants and the government has its say too.

"The delivery date was delayed around one year, but the same issue often happens with the private sector." - **Mohamed Talaat, an automation engineer**, who bought a unit at Dar Misr project.

"The work progress in the project is slower than was promised and

delivery dates are unknown." - **Khaled Othman, an electric engineer**.

"Delivery date is delayed around 16 months and I'm still waiting to get my unit. It has been three years since I paid the down payment. I did not receive anything although I was supposed to get my unit last year." - **Mohamed Hamouda, an engineer**.

GOVERNMENT RESPONSE:





Mona Kamel, New Urban Communities Authority (NUCA) spokesperson says:

"The EGP floatation led to higher construction materials and operational costs, leading the government to re-price units while compensating contractors, who made agreements for housing projects before the local currency devaluation floatation."

"Things are stable now and the government is working on delivering units as scheduled."

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