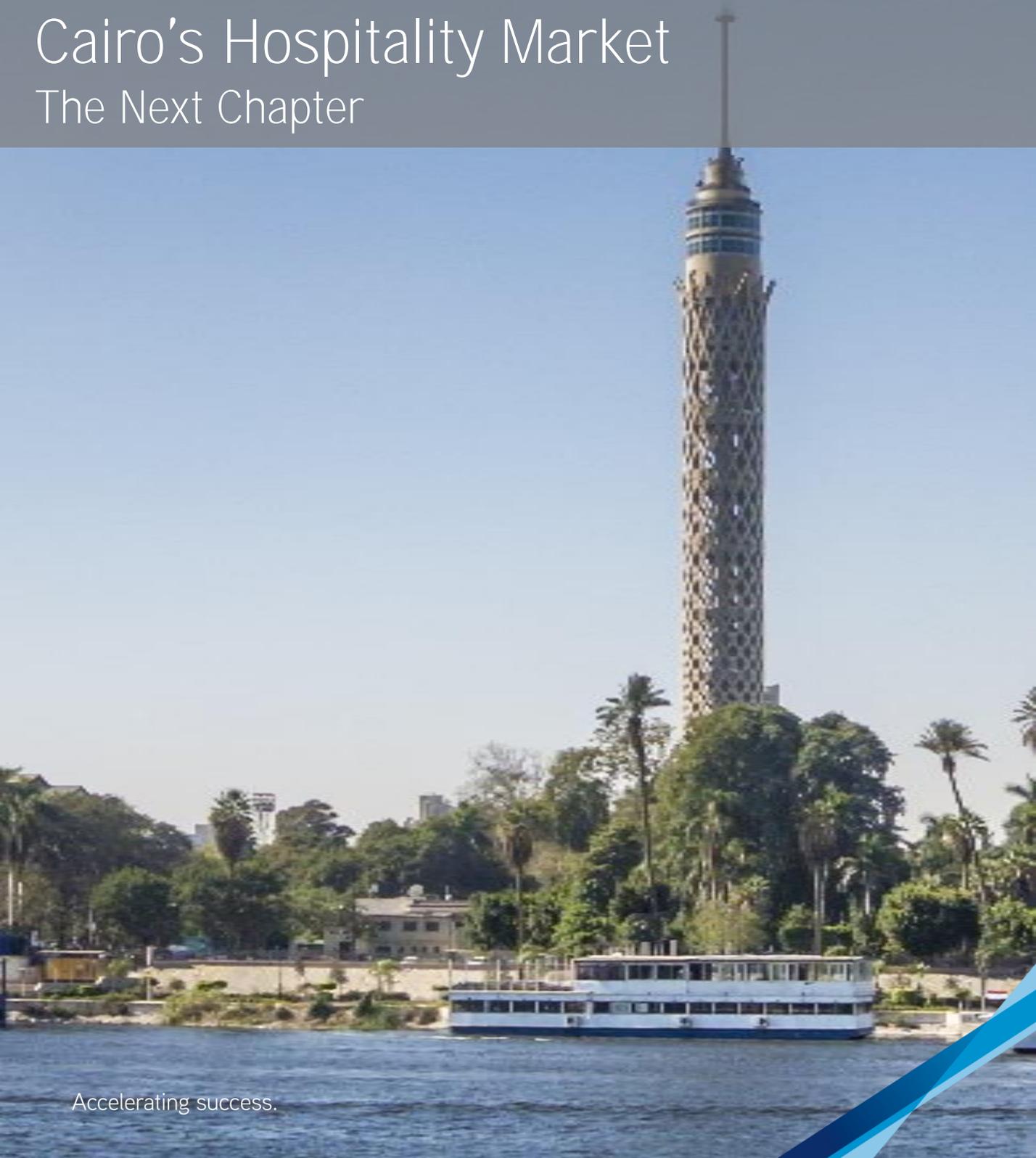
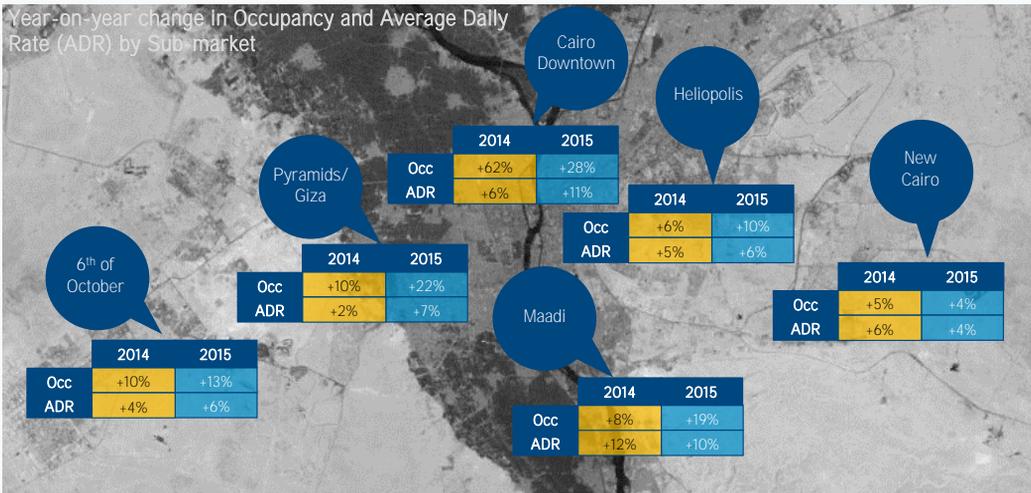


Cairo's Hospitality Market

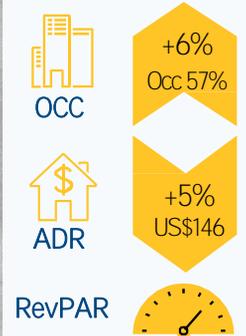
The Next Chapter



Cairo Sub-Markets Performance



Overall Cairo Forecast FY 2016



Source: STR Global | Colliers International, 2016

MARKET OVERVIEW

Tourism and hospitality has shown strong resilience in 2015, leading to improved inflow of international visitors, increased hotel performance levels and the announcement of a number of hospitality and mixed-use masterplans.

Hotel demand has seen a notable shift towards Eastern (New Cairo) and Western (Giza and 6th of October City) Cairo in recent years. This shift is due to new urban resorts providing extensive leisure and meeting facilities.

Market Performance

The market witnessed widespread corporate demand in the last year given the Suez Canal expansion. Hotels in Downtown Cairo, a primary corporate market, achieved the highest growth in occupancy levels, increasing at an annual rate of 44% between 2013 to 2015.

Performance for serviced apartments in Cairo registered occupancy levels above 75% in 2015, largely due to the city's limited supply and growing economy.

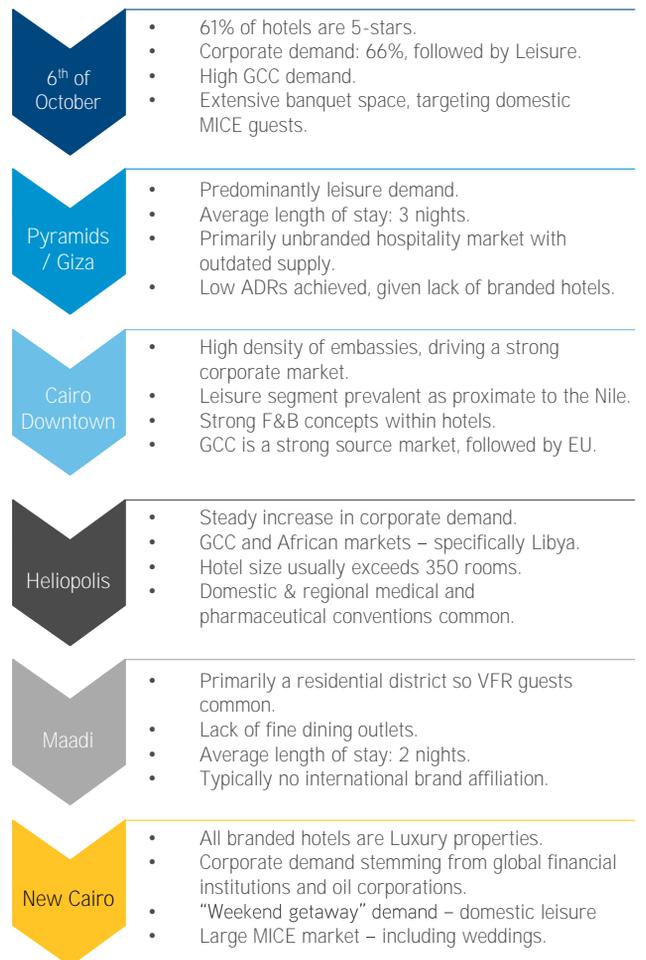
Supply

The upcoming pipeline is dominated by capital-intensive luxury hotel developments, such as The St. Regis (292 keys), The Address Uptown Cairo (300 keys) and JW Marriott Hotel Cairo (90 keys).

Additional opportunities within midscale hotels and serviced apartments. These asset classes are currently lacking in Cairo, thus demonstrating an opportunity to penetrate the market with quality branded 3-star, 4-star and serviced apartments, targeting domestic and regional visitors.

Hotel Characteristics in Submarkets

As each submarket caters to different types of demand, the properties within them differ significantly as well – in regards to types of hotels, target segments and facilities.



Source: Colliers International, 2016

Analysis of Cairo Hotel Trends

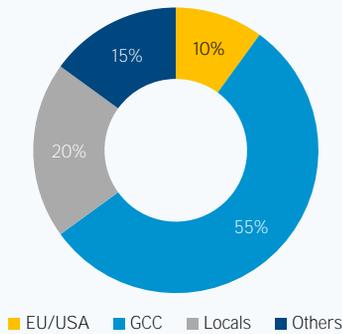
In spite of the socio-political uncertainties, investors in Cairo's tourism and hospitality sectors have showed renewed confidence, recognising the strong tourism sources which are at the base of the Egyptian economy. Given the growth in performance in 2015 and the announced pipeline, the hotel market is noting a shift in its fundamentals where new trends are emerging.

HOSPITALITY SUPPLY



PAST	PRESENT	FUTURE
Large presence of outdated and locally branded properties dominated the market and offered low rates, given the lack of standardised quality.	Driven by strong hospitality asset classes, Cairo's internationally branded hotels are predominantly fragmented between upscale and large-scale luxury properties.	Announced upcoming properties continue to be developed in the luxury segment. However, given the anticipated increase in GCC families and domestic price-conscious guests, 3-star hotels, 4-star hotels and serviced apartments are likely to be in demand.

SOURCE MARKETS, 2015



Historically, primary source markets for Cairo were Europe and USA, visiting for leisure purposes.	The political instabilities in Cairo have resulted in a shift in source markets – as travel bans to Egypt are frequent in Europe. Currently, the GCC is the primary source of demand in the city, whether it is GCC nationals visiting for leisure purposes or GCC residents on business trips.	The GCC will continue to be a strong source market for Cairo hotels, along with increased tourism flows from the Indian sub-continent. Domestic weekend demand is rising as residents opt for urban resorts in New Cairo and 6th of October.
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MARKET SEGMENTATION, 2015



Prior to the political instabilities, leisure demand was prominent in Cairo, specifically from international Western tourists.	The dominance of the corporate segment is evident in Cairo, driven by both the domestic and regional market, accounting for 65% of demand.	Hotel demand is witnessing a notable shift back towards the leisure segment, though catering mostly to the domestic and GCC market. Similarly, demand for accommodation from the domestic MICE segment is increasing.
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Source: Colliers International, 2016

Upcoming Demand Generators in Cairo

In the last few years, Cairo has witnessed an exponential increase in the number of announced developments varying in typology, ranging from simple hospitality properties to full-fledged master plans. These include several components such as retail, office space, hotels, residential communities and entertainment facilities.

The exhibit below highlights a selection of key upcoming projects in the city, which are expected to improve the domestic, regional and international demand to Cairo.

Examples of Upcoming Future Projects – Features & Impacts

Project	Overview & Features	Impacts on the Hospitality Market
Qatari Djar's Nile Corniche Project Downtown Cairo	<ul style="list-style-type: none"> A 197,000 sqm mixed-use development along the Corniche on the east bank of the Nile River. Luxury development: will include 3 towers comprising of St. Regis hotel and serviced apartment (515 units), office space, upscale F&B outlets and retail atrium. 	Hospitality supply within Grade A commercial-based projects is likely to strengthen Cairo's visibility on the global map.
Cairo Gate Sheikh Zayed City	<ul style="list-style-type: none"> Developer: Al Futtaim Group and Emaar Misr One of the first lifestyle developments in the city offering retail and entertainment facilities. An office park, hotel developments with new F&B concepts, educational institutes, medical facilities and residential properties are expected to be launched in phases. 	Mixed use developments create a new destination and attraction for tourists, potentially resulting in an increase in leisure demand in the mid/long term. Further expansion of leisure and retail product offerings such as these are expected to induce additional demand from existing source markets, and cater to demand from local residents.
Uptown Cairo Mokattam	<ul style="list-style-type: none"> As Emaar Misr is the developer, an Address and a Vida Hotel is expected to open within the development, offering over 500 keys. The masterplan includes significant residential infrastructure, with golf facilities and one of the largest malls in the city – featuring an open air promenade, accentuating the project as a lifestyle development. 	
Citadel Plaza Mokattam	<ul style="list-style-type: none"> Being developed by Alkan Holdings, Citadel Plaza is expected to be a mixed-use project with retail, hospitality developments, an office park exceeding 100,000 sqm and a convention centre with a capacity of more than 2,000. Unique features such as rooftop facilities, expected to offer unimpeded views of Cairo city and Giza. MICE guests would be prevalent given the high capacity convention centre. 	
Mall of Egypt 6 th of October	<ul style="list-style-type: none"> Developer: Majid Al Futtaim Identified as a mega-mall, Mall of Egypt would feature international retail brands, a ski park, a 17-screen cinema and food and beverage outlets. Domestic and regional families would be the primarily demand segment. 	Large mall developments offer opportunities to construct hotels with direct access, which uplifts the overall positioning of the development. Such asset classes commonly prompt domestic and GCC family leisure demand.

Source: Colliers International, 2016

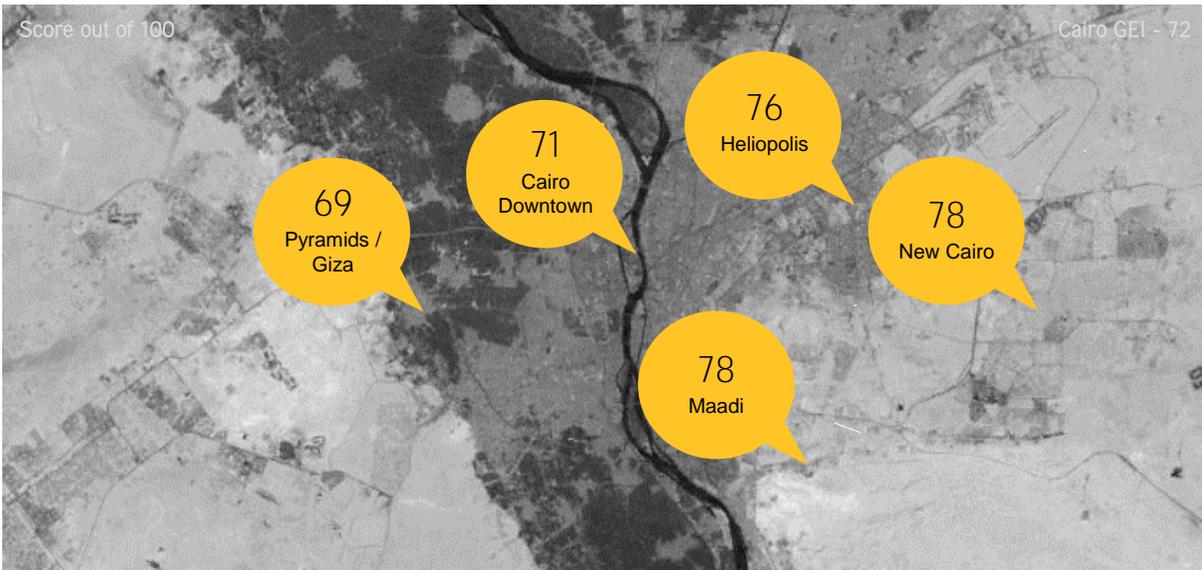
Guest Experience Index™ Data for January 2016



Accelerating success.

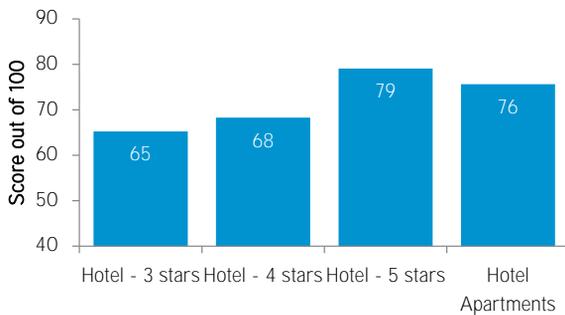
The **Guest Experience Index (GEI)** indicates guests' general perceptions of a hotel's quality. The ratings are based on online guest reviews and represent a weighted score on a scale from 1 to 100.

GUEST EXPERIENCE INDEX (GEI) - SCORE MAPPING - BY SUBMARKET



Source: Olery; Colliers International, 2016

CAIRO GEI - BY TYPE OF PROPERTY



Source: Olery; Colliers International, 2016

CAIRO GEI - TOP 10 BRANDS

Rank	Brand	GEI
1	Dusit Thani	89.0
2	Four Seasons	88.4
3	Renaissance Marriott	87.9
4	Sofitel	87.3
5	Staybridge	87.0
6	JW Marriott	86.2
7	Concorde	84.1
8	Fairmont	83.2
9	Safir	82.0
10	InterContinental	81.5

Source: Olery; Colliers International, 2016

CAIRO RATING – BY TYPE OF GUEST



Source: Olery; Colliers International, 2016

District: New Cairo and Maadi had the highest GEI score, indicating the high quality of hotels in this area - particularly in New Cairo as most properties are luxury hotels.

Type of Property: 3-star and 4-star hotels achieved the lowest GEI rating, suggesting the lack of quality properties in this segment. This creates an opportunity to develop such properties in the city, targeting price-conscious guests.

Type of Guest: Guests travelling for 'Business' purposes were the most satisfied, with a rating of 79.9 out of 100, suggesting hotels in Cairo are generally not properly set up for leisure tourism.

Colliers International Hotels

Colliers International Hotels division is a global network of specialist consultants in hotel, resort, marina, golf, leisure and spa sectors, dedicated to providing strategic advisory services to owners, developers and government institutions to extract best values from projects and assets. The foundation of our service is the hands-on experience of our team combined with the intelligence and resources of global practice. Through effective management of the hospitality process, Colliers delivers tangible financial benefits to clients. With offices in Dubai, Abu Dhabi, Jeddah, Riyadh and Cairo, Colliers International Hotels combines global expertise with local market knowledge.

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- Destination / Tourism / Resort / Brand Strategy
- Market and Financial Feasibility Study
- Development Consultancy & Highest and Best Use Analysis
- Operator Search, Selection and Contract Negotiation
- Pre-Opening Budget Analysis and Operational Business Plan
- Owner Representative / Asset Management / Lenders Asset Monitoring
- Site and Asset Investment Sale and Acquisition/Due Diligence
- RICS Valuations for Finance Purposes and IPOs

Our hotels team in the MENA region:

\$9

billion
investment value of
projects advised

39,200

keys
valued

8,880

Hotel keys
under asset management

502 offices in 67 countries on 6 continents

United States: 151

Canada: 46

Latin America: 26

Asia Pacific: 190

EMEA: 89

\$2.3

billion in
annual revenue

1.7

billion square feet
under management

16,300

professionals
and staff

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colliers.com

Colliers International, 2015

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