

STRUCTURED FINANCE

New Issue Report

El Taamir for Securitization Company (TSC) – 1st Issue 2009-2017 Receivables/Egypt

This report addresses the structure and characteristics of the transaction based on the information provided to MERIS by El Taamir Securitization Company, the lead arrangers & the Legal Advisor as of May 2009.

CLOSING DATE:

15 May 2009

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Description	Amount (EGP)	Maturity	Principal & Coupon Frequency	Rating
Securitization Bond Backed by the MoF	4,650,000,000	July 2017	Quarterly	AAA

OPINION

This is the first securitization bond to be issued by El Taamir for Securitisation Company S.A.E. (TSC). The bond size equals EGP 4.65 billion and is backed by receivables in the NPV of EGP 4.8 billion stemming from a single land sales contract originated by the New Urban Communities Authority (NUCA), an Egyptian public authority under the Ministry of Housing, Utilities and Urban Development. The timely payment of principal and interest of the bond, as well as any other bond-related expenses, will be covered by an unconditional and irrevocable guarantee issued by the Ministry of Finance (MoF). The guarantee will be claimed in the event of any shortfall in the cash flows from the securitization portfolio and will be executed by means of an irrevocable authorization to the Central Bank of Egypt to debit the MoF account with any insufficient amounts upon request from the Custodian.

The rating of the bond relies primarily on the tight government guarantee backing the transaction, which makes the probability of default on the bond equal to that of the sovereign.

Strengths of the Transaction

- The securitization bond is backed by an unconditional and irrevocable guarantee issued by the Ministry of Finance and covering any eventual deficit in the payment of coupon, principal or senior fees and expenses of the bond.
- Tight mechanism for executing the guarantee in the form of irrevocable standing instructions to the CBE to access, upon request from the Custodian, the MoF account held with the CBE and transfer any insufficient amounts for payment under the bonds to the account of the Issuer held with the Custodian 7 bank working days before the payment due date.
- Internal credit enhancement available to the notes in the form of over-collateralization in the amount of 2.5% of the bond size at the onset of the transaction. Any excess cash funds accumulated from the overcollateralization will be trapped in a reserve account and reinvested in treasury bills or bank deposits for the benefit of the bondholders.
- The Originator/Servicer of the transaction is an Egyptian public authority under the Ministry of Housing, Utilities and Urban Development, and as such cannot be placed under bankruptcy.

Weaknesses of the Transaction

- Single contract, single obligor transactions carry significantly higher credit risk than well diversified granular portfolios of receivable. Mitigated by the existence of a guarantee by the MoF.
- The receivables under the securitized contract might cease to exist in case the contract is rendered null and void, either due to the buyer's failure to settle its financial obligations under the contract or due to its failure to complete the development of the land as per his contractual obligations. Mitigated by the existence of a guarantee by the MoF.
- The underlying physical asset, the land subject to the sale contract will neither be transferred, nor assigned as a security to the Issuer. It will remain with the Originator instead. The Bondholders will, therefore, have no access to the land to satisfy their claims in case the contract is rendered null and void and the land is repossessed and resold by the Originator. Mitigated by the existence of a MoF guarantee.
- Legal uncertainties exist, given that the transaction relies on key legal concepts that remain largely untested in judicial proceedings or in practice in Egypt. **MERIS** took comfort from the legal opinions provided by the transaction's legal advisor on issues such as true sale, commingling and consolidation risk, and concluded that the legal risks were consistent with the rating assigned.

STRUCTURE SUMMARY (see page 4-5 for more details)

Amount Rated:	EGP 4,650,000,000
Issuer:	El Taamir for Securitization Company S.A.E. (TSC)
Seller (s) /Originator (s):	New Urban Communities Authority (NUCA)
Servicer:	NUCA
Back-up Servicer:	n.a.
Custodian:	HSBC Bank Egypt S.A.E.
Financial Advisor & Marketers:	Commercial International Bank (CIB) and HSBC Bank Egypt
Legal Advisor:	Helmy, Hamza & Partners (A Member of Baker & McKenzie International)
Structure type:	True Sale
Credit Support:	
• Internal Credit Enhancement	▪ 2.5% over-collateralization based on the discounted ² cash flows (up to the maturity of the bond issue).
• External Credit Enhancement	▪ Irrevocable and Unconditional Guarantee from the Ministry of Finance covering the timely payment of the bond's coupon, principal and expenses.

COLLATERAL SUMMARY

Receivables:	Receivables from Barwa New Cairo Real Estate Investment Company related to a contract between NUCA and Barwa dd. Dec. 27, 2007 for the sale of a plot of land of 1980 feddans, equivalent to 8,317,643.40m ² , for a total sale price of EGP 6,100,991,433.90.
Initial Pool Balance (NPV of Outstanding Principal & Interest until the bond maturity date, discounted at the bond coupon rate):	EGP 4,797,462,816
Number of Contracts/Borrowers:	1
Seasoning:	1 year
Remaining Maturity:	9 years, 2018
Interest Rate:	CBE Discount Rate
Delay Interest Rate:	CBE Discount Rate + 3% p.a.
LTV (at origination):	90%
LTV (at bond issuance date):	83.24%

TRANSACTION SUMMARY

This is the first securitization bond to be issued by El Taamir for Securitisation Company. The securitized assets are receivables, i.e. principal and interest payments, as well as any eventual delay penalties, under a single contract for the sale of land entered into between NUCA, the seller, and Barwa New Cairo Real Estate Investment Company, the buyer. The contract is dated December 27, 2007.

At closing of this transaction, NUCA, the Originator, will assign to TSC, the Issuer, its financial rights under the said contract. The underlying physical asset, the land subject to the sale contract, will not be transferred to the SPV. In order to finance the purchase of the receivables, the Issuer, TSC, will issue an eight-year non-convertible bond in an amount equal to the net present value of the portfolio receivables (the NPV of the portfolio is calculated using the bond's coupon rate as the discount rate and is based only on the receivables due before the bond maturity date) less the overcollateralization. The notes will be paying a quarterly coupon equal to the Central Bank of Egypt's discount rate less 0.25% p.a. The principal will be amortized according to a pre-determined schedule as described in the Public Subscription Note (PSN). The notes will benefit from an unconditional and irrevocable guarantee issued by the Ministry of Finance. The guarantee will be used to cover any deficit in coupon or principal payments over the life of the bond, as well as any other senior fees in the waterfall structure. The issue also benefits from an internal credit enhancement in the form of an overcollateralization of 2.5% at the onset of the transaction. Excess cash

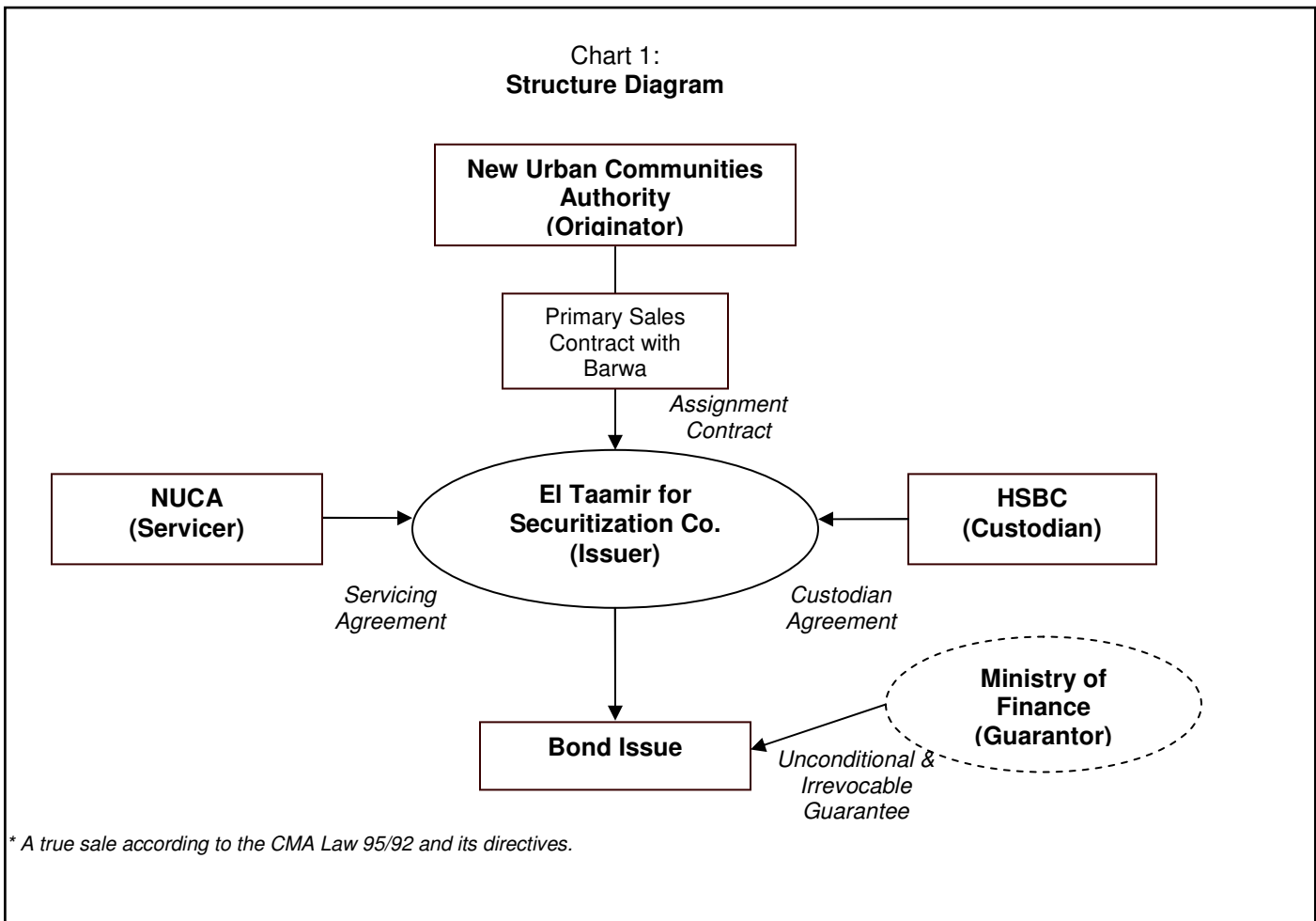
² Using the bond coupon rate as the discount rate.

accumulating from over-collateralization will be trapped in a reserve account on an ongoing basis and will be reinvested by the Custodian in risk-free investments as per the CMA Law 95/1992.

On the closing date, NUCA will entrust the Custodian (HSBC) with a pool of receivables. The pool is non-revolving (static) and amortizing. Collections on the pool by the Servicer (NUCA) will be transferred within 3 business days to the Issuer's account with the Custodian for the benefit of the bondholders to avoid any commingling with the Servicer's own funds.

STRUCTURAL AND LEGAL ASPECTS

Securitization is structured to isolate the receivables from the insolvency risks of the originator/seller. This is done by the originator/seller transferring the receivables contract by means of a true sale to a bankruptcy-remote special purpose entity that will ultimately issue the bond to the investors. Under the structure – please refer to the following diagram – NUCA, the Originator of the receivables, assigns all of its financial rights and benefits in the receivables to TSC, a special purpose bankruptcy remote company, the Issuer. **MERIS** has received a legal opinion stating that the sale of the receivables from the Originator to the transferee (based on an Assignment Contract dated 17/05/2009) constitutes a true sale.



The Issuer: El Taamir for Securitization Company (TSC)

TSC has been established as a shareholding company according to CMA Law 95/1992. The company's shareholding structure is as follows:

<u>Shareholders</u>	<u># of Shares</u>	<u>Value</u>	<u>% Ownership</u>
New Urban Communities Authority.	400,000	4,000,000	80%
Taamir Mortgage Co. S.A.E.	50,000	5,000	10%
Housing & Development Bank S.A.E.	50,000	5,000	10%
Total	50,000	5,000,000	100%

Through its shareholding stakes in Taamir Mortgage and HDB, which are 22.49% and 31.09% respectively, NUCA owns indirectly an additional 5.36% of the Issuer, resulting in a total ownership stake of 85.36%. The CMA Law 95/1992 imposes a ceiling of 20% on the Originator's ownership in the Issuer. However, NUCA has obtained an exemption from the CMA on the 20% ownership limitation. **MERIS** has noted that such shareholding structure, where the Issuer is a majority owned subsidiary of the Originator, in addition to overlapping directorships, poses the risk of involuntary/substantive consolidation between the two entities in case of the Originator's bankruptcy. **MERIS** took comfort from the legal opinion addressing this issue, which rules out the possibility of consolidation and reaffirms the isolation of the securitized pool from the creditors of the Originator. Furthermore, the Originator, NUCA, is a public authority under the Ministry of Housing, Utilities and Development, set up under Law No. 59/1979, and therefore not subject to bankruptcy under the Egyptian Commercial Code, unless corporatized in the near future.

Collections, Commingling Risk and Separateness of Accounts

According to the Servicing Agreement (between TSC and NUCA, signed on 17/05/2009) and the Custodian Agreement (between TSC and HSBC, signed on 17/05/2009), the Servicer will collect the quarterly installments (principal, interest and eventual delay penalties) related to the securitized contract and transfer the collected cash within 3 business days to the Issuer's account managed by the Custodian for the benefit of the bondholders. The risk of commingling the Servicer's own funds with those of the transaction, or having funds that have been legally transferred to the bondholders trapped in the bankruptcy estate in the Originator/Servicer, is sufficiently mitigated by the latter's ineligibility to face bankruptcy proceedings, as well as the presence of a MoF guarantee.

In accordance with the CMA requirements, the Custodian will maintain three separate accounts: (1) an account for bond amortization; (2) an account for coupon payments; and (3) an account for reinvesting excess cash due to over collateralization captured in the reserve fund. Transactions on these three accounts have to take place based on written standing instructions from the Issuer. On the due dates of the coupon payments, the Custodian will pay the coupon and the respective bond amortization (on a quarterly basis), after paying the senior transaction fees and expenses as per the cash waterfall below. Cash accumulating from over-collateralization will be reinvested by the Custodian in T-bills and bank deposits as per the CMA requirements. Cash captured in the reserve account will be used to cover any deficiencies in the bond senior fees and expenses, coupon or principal over the life of the notes.

Credit Enhancement

1) Internal Credit Enhancement - Overcollateralization: The receivables backing the securities amount to EGP 4,797,462,816, representing the net present value of the total outstanding principal and interest receivables under the securitized contract up to the bond maturity date discounted at the bond's coupon rate. Furthermore, assuming a 46-day delay in collecting the receivables, results in a NPV of the securitized pool of EGP 4,766,166,953. The assets will thus be purchased at a discount of 2.5% by the Issuer, creating an over collateralization of EGP 116,166,953 at the beginning of the transaction. The over collateralization will be used to cover the transaction senior fees and expenses, as well as any eventual shortfalls in the coupon or principal redemption throughout the life of the notes. Any excess cash due from the over collateralization will be trapped into a reserve account and reinvested in low-risk investment instruments by the Custodian in accordance with the CMA regulations.

2) External Credit Support: The bond issue will benefit from an unconditional and irrevocable guarantee issued by the Egyptian Ministry of Finance and covering any shortfall in the coupon or principal payments to the bondholders, as well as any other bond related expenses. The guarantee will be enforced by means of an irrevocable authorization by the MoF in favor of the CBE to debit directly the account of the MoF with any insufficient amount as requested from time to time by the Custodian of the transaction. To ensure the timely payment of senior fees and expenses, coupon and principal of the bond, the Custodian will check the accounts of the SPV 7 bank working days before the due dates for payment under the bond, and in case of insufficient balance, request the CBE to transfer the respective amount from the MoF account.

Priority of Payments

Allocation of the collections (principal, interest and eventual delay penalties) received from the underlying pool of receivables will be applied in the following order of priority:

1. To pay senior transaction fees and expenses, such as servicing, custody, listing, rating, advertising fees, etc.
2. To pay coupon and principal on the bond. Principal payments are made on a quarterly basis according to a predetermined amortization schedule.
3. Repay any amounts withdrawn from the MoF account with the CBE in accordance with the existing MoF guarantee.
4. Any residual cash accumulating from the over collateralization of the issue will be captured in a reserve account kept by the Custodian and reinvested in secured investment instruments as per the CMA regulations.

COLLATERAL

The assets subject to securitization are the future receivables under a single contract between NUCA and Barwa New Cairo Real Estate Investment Co. dated December 27, 2007, by virtue of which NUCA has sold an empty land plot of 1980 feddans (8,317,643.40m²) with a total sales price of EGP 6,100,991,433.90 for the purposes of developing a new fully integrated urban community. The buyer/real estate developer has paid 10% of the land price as a downpayment and the remaining balance of EGP 5,490,892,290.51 is to be paid over 10 years in equal quarterly installments. The deferred principal amount shall also incur interest starting from October 1, 2007 at the official rate announced by the Central Bank of Egypt (CBE discount rate). With a Ministerial decree, dd. January 14, 2009, the Egyptian Cabinet has approved the rescheduling of 75% of principal installments and interest due to NUCA during the period Nov. 1, 2008 to Dec. 31, 2009. According to the new repayment schedule, said amounts shall be settled in one final installment on May 16, 2018, which is twelve months after the initial contract expiry date. The final installment, however, is excluded from the securitization pool, as it fall due after the bond maturity date. Up till now, Barwa has been promptly settling its due amounts as per the contract's repayment schedule, except for a single delay of 67 days. As of the transaction cut off date, Barwa has settled a total of 16.76% of the principal outstanding value, including the initial 10% downpayment.

Following the securitization, the title of ownership to the land will remain with the Originator, NUCA, and will only be transferred to the buyer upon the full and final settlement of the outstanding dues under the contract and provided that the project phases have been completed in accordance with the agreement. In case of any breach of the contract by the real estate developer, be it delay in the payment of the installments, or failure to complete the development according to the plan, the land plot along with any partial developments may be retaken from Barwa, against reimbursement from NUCA of all previously paid installments less an occupation fee of 0.5%. The occupation fee is calculated on the total sale value of the land for each year from the delivery of the land till the date of the repossession. Barwa is not to be reimbursed for any development costs and other expenses. In any of the above circumstances, the contract will be considered null and void, and therefore the receivables under the contract will cease to exist. The bondholders will have no recourse to the underlying physical asset, being the land subject to the sales contract, and therefore the only source of repayment in such an event of default, will be the MoF guarantee.

ORIGINATOR, SERVICER AND OPERATIONS REVIEW

The New Urban Communities Authority (NUCA) is a public authority under the Ministry of Housing, Utilities and Urban Development, set up under Law No. 59/1979. Among the main goals of the authority are:

- Development of new urban communities;
- Redistribution of the population away from the Nile Delta narrow strip.
- Establishment of new attraction areas outside the existing cities and villages.

The authority's implementation plan includes the following:

- Planning and development of 22 new cities.
- Offering attractive land buying opportunities in order to draw in investors/real estate developers.
- Developing affordable housing projects for low income groups.
- Preparation of a comprehensive development plan and development map of Egypt till 2017, identifying the optimum areas for the development of new urban communities.

MERIS met with the management team of NUCA and performed an operational review, focusing on the origination channels, tender procedures, ranking of bids and selection criteria, servicing and administration operations within

the institution. MERIS believes that the management and system capabilities are sufficient to fully comply with their responsibilities under the transaction.

RATING SENSITIVITIES AND MONITORING

MERIS will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected. The monitoring will include reviews of periodic custodian reports verified by the auditor. Any subsequent changes in the rating will be publicly announced and disseminated through the media.

APPENDIX I: National Rating Scale

Quality of credit	Long		Short		
	Gilt edged	AAA	}	}	
Very high	AA+				
	AA				
	AA-				
Upper-medium	A+				
	A				
	A-				
Medium grade	BBB+				
	BBB				
	BBB-				
Questionable	BB+	}	}	Not Prime	Speculative Grade
Poor quality	BB				
	BB-				
	B+				
Very poor	B				
	B-				
	CCC+				
	CCC				
	CCC-				
	CC				
	C				

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