



Ministry of International Cooperation
The Minister

Cairo, November, 21st, 2011

Subject: *An opportunity to purchase Egyptian Pounds up to the equivalent of 25.135 M€ at attractive conditions to finance projects and acquisitions in Egypt,*

Dear Sirs,

Against the background of the active management of the Egyptian Debt pursued within the framework of the Paris Club agreement, the Egyptian and French Governments have agreed to establish a procedure of "debt for equity swaps" in order to increase French investments in the Arab Republic of Egypt and to contribute to its economic and social development.

The way to proceed for an investor interested in the totality of the debt to be swapped (45.7 million Euros at a redemption rate of 55%, i.e. 25.135 M€) would be:

- to purchase the Egyptian debt from the French government through a competitive bidding process.*
- to then exchange it to the Egyptian government for the equivalent value in Egyptian Pounds of 25.135 M€*

It should be noted that the same pattern can be applied to smaller amounts, should the investor decide to bid on a fraction of the debt only.

Attached are the detailed procedures of the program. They are also published on the websites of:

- The Egyptian Ministry of International Cooperation: www.mic.gov.eg*
- The Egyptian General Authority for Investment: www.gafinet.org*
- The economic Department of the French Embassy in Cairo: www.tresor.economie.gouv.fr/se/egypt*



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*- The French Ministry of Economy Finance and Industry:
<http://www.minefe.gouv.fr>*

*For further information, you may contact the Egyptian Ministry
of International Cooperation European Department, email contact:
debtconv@mic.gov.eg.*

Sincerely,

Fayza Abotulaaga

*Minister of Planning and International
Co-operation*

Procedures to be fulfilled in order to benefit from the debt for equity swap mechanism agreed between the Republic of France and the Arab Republic of Egypt, in the framework of the bilateral agreement on reduction and reorganization of debts signed on September 12, 1991

SECTION 1 – ELIGIBILITY CRITERIA

Debt for equity swaps operations are subject to the hereafter mentioned conditions:

1.1- Eligible Investors

The debt for equity swaps operations is exclusively reserved to foreigners, residents or non residents in Egypt, and to Egyptians living abroad.

1.2- Eligible Investments

Eligible investments are investments in equities in all the economic sectors in order to finance new projects, expand existing projects /or acquire shares in Egyptian enterprises.

SECTION 2 - APPROVAL OF THE EGYPTIAN AUTHORITIES

Any eligible investment related to this operation must be approved by the Egyptian Authorities. This approval can be obtained according to the following procedures:

2.1. Requests for approval of Investment

Requests for approval of Investment projects will supply information specified in the annex of this present circular letter and will be addressed to:

**General Authority for Investment
Arab Republic of Egypt
Cairo**

This request for approval will be examined by the Egyptian Authorities on the benefit of the Investment project to the Egyptian economy.

2.2. Notification of the approval to the Investor

Within 30 days starting from the receipt of the request for approval, the General Authority for Investment of the Arab Republic of Egypt will send a written notification of the final approval to the investor. This decision will be taken through a committee composed of the Ministry of International Cooperation, Ministry of Finance, the Central Bank of Egypt and GAFI.

This decision can be :

- **a refusal if the projected investment does not comply with the criteria for eligibility defined in section 1 mentioned above ;**

a request for additional information, in this case the 30 days approval period for the General Authority for Investment:

- **starts upon receipt of this additional information;**
- **an approval that specifies the amount of the debt to be swapped, the rate of redemption (55%) and the conditions that will be agreed upon with the investor .**

SECTION3 – PURCHASE OF CLAIMS FROM THE FRENCH GOVERNMENT

Any investor, having already obtained the written approval from the Egyptian Authorities and willing to purchase a claim against Egypt from the French Government in the framework of the present debt for equity swaps operation, must present a purchase offer to the French Ministry of Economy, Finance and Industry according to the conditions that will be determined by the French Government, that will include a maximum discount to be offered to the investor, at the occasion of the tender to be issued by :

**Ministère de l'Economie, des Finances et de l'Industrie
Direction Générale du Trésor
Bureau Multifin 1
Teledoc 551
139 rue de Bercy
75572 Paris Cédex 12**

The purchase of claims from the French Government must be completed within 120 days from the date of notification of the approval by the Egyptian Authorities. Following this period, any unachieved operation of debt for equity swap will be cancelled.

SECTION 4 – PROCEDURE OF DEBT CONVERSION

Within 15 days starting from the date of the notification by France to the Egyptian Authorities of the payment made to France by the investor, the equivalent in Egyptian Pound of the nominal value of the claim in euros, multiplied by the rate of redemption as specified in the Egyptian approval will be paid by the Central Bank of Egypt to an account nominated by the investor.

The exchange rate taken into account is the “buying” exchange rate declared by the Central Bank of Egypt at the date of notification by France to Central Bank of Egypt.

ANNEX

Information and documents to be supplied for the examination
of a request for approval of an investment project

1- Presentation of the Investment project

- 1.1. Object of the project
- 1.2. Investment sector
- 1.3. Geographic localization of the Investment
- 1.4. Shareholders.
 - Names
 - Nationalities
 - Shares
 - Other

2- Details on the Investment program

- 2.1. Detailed feasibility study of the considered project
- 2.2. Estimated working accounts
- 2.3. Financing scheme considered

3- Contribution for development of the Egyptian economy

- 3.1. Number of jobs involved
- 3.2. Purchases on the local market
- 3.3. Turn-over on exports
- 3.4. Other