Inclusive Housing Financing Program
Social Housing and Mortgage Finance Fund

Auditor's Report
&
Special Purpose Financial Statement

For the year ended

June 30th 2025

Contents

Crowe

Dr. A. M. Hegazy & Co.
Dr. Khaled A. Hegazy
Accountants & Consultants
A Member of Crowe Global
6 Boulos Hannah St., 5th Floor
Dokki, 12311 Giza , Egypt
Tel. 37600319 - 37600320 - 37616310
Fax. 37600468
www.crowe.com

Auditor's Report
To Social Housing and Mortgage Finance Fund
Inclusive Housing Financing Program

We have audited the accompanying Special Purpose Financial Statement (SPFS) of Inclusive Housing Financing Program represented in the Sources and Uses of Funds statement for the year ended 30th June 2025. The Program's management is responsible for ensuring that the Special purpose financial statement is perpared. It is our responsibility is to form an independent opinion, based on our audit, on this statement and to report our opioin to you.

We conducted our audit in accordance with Egyptian and International Auditing Standards and such other specific procedures requested by the Program's management. An audit includes examination, on a test basis, evidence supporting amounts and disclosures in the funds receipts and expenditures statement. It also includes an assessment of the significant estimates and judgements made by the Program's management in the preparation of the statement, and of whether the accounting policices are appropriate to the project's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the statements is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the statements.

Opinion

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the Sources and Uses of Fund Statement for the year ended 30th June 2025 in conformity with the accounting principles described in Note 2 to the special purpose financial statements. Expenditures provided are properly supported and represent eligible expenditures under the Loan Agreement 8498 – EG And the Additional Financing Agreement by Loan No. 9033 – EG .

Khaled Hegazy

Crowe
Dr. Khaled A Hegazy
Dr. A. M. Hegazy & Co
Accountants & Consultants

Dr. Khaled A. M. Hegazy
Fellow of the Egyptian Society for Accountants & Auditors No. 207
Accountants & Auditors Register "AAR" No. 10945
Financial Regulatory Authority Auditors Register "FRAAA" No. 72
Independent Professional Practice, Member of Crowe Global

Giza: 30 th September 2025

Social Housing and Mortgage Finance Fund (SHMFF)
Inclusive Housing Finance Program
Financial Management Unit (FMU)
Partially Funded From World Bank Loan No 8498 EG and Additional Financing No. 9033 EG
Sources and Uses of Funds Statements
For Year ended June 30,2025

Amounts in US $

	No	Government Budget	For 1 July 2024 to 30 June 2025	Cumulative to 30 June 2025
Cash Receipt				
World Bank (WB)		Third Line	17,229,460	639,930,715
Social Housing and Mortgage Finance Fund (SHMFF)		Third Line	657,520	4,778,093
Total Financing	3		**17,886,980**	**644,708,808**
Less:				
Uses of Funds				
Demand Side Housing Subsidy Support	4	Forth Line	17,229,390	639,929,640
Improving Management Information System	5	Second Line	263,771	1,938,685
			17,493,161	**641,868,325**
Other Expenditure				
Salaries & Wages	6	First Line	383,782	2,738,385
Others and Bank expenses and commissions	7	Second Line	10,037	102,098
			393,819	**2,840,483**
Total Expenditures			**17,886,980**	**644,708,808**
Net Funds balances			-	-

Crowe
Dr. Khaled A Hegazy
Dr. A. M. Hegazy & Co
Accountants & Consultants

Note 1 -Nature of Activities

The Arab Republic of Egypt and the International Bank for Reconstruction and Development agreed that the latter shall provide finance to the Social Housing and Mortgage Finance Fund on June 10th, 2015, through Loan No 8498 EG, The Bank agrees to lend an amount of five hundred million United States Dollar (US$500 Million). In addition, on 5/7/2020, loan agreement No. 9033 - Egypt was signed for the purpose of providing additional funding related to the main program, with an amount of 500 million US dollars.

The objective of the Program is to improve the affordability of formal housing for low income households in the Arab Republic of Egypt and to strengthen the SHMFF's capacity to design policies and coordinate programs in the social housing sector.

The Program consist of the following parts:

The Program is a part of the Borrower's Social Housing Program and consists of the following components:

Part A: Institutional Strengthening of SHMFF

1. Enhancing the capacity of SHMFF to improve the Borrower's housing sector through, *interalia:* (a) coordination and consolidation of housing entities and functions; (b) formulation of social housing policy, programs, regulations and procedures; and (c) preparation and implementation of reforms to improve the efficiency and equitability of the housing system.
2. Enhancing the effectiveness of SHMFF to provide oversight to the implementation of the Program through, *inter alia:* (a) the establishment of an improved management information system; (b) the establishment of a sound fiduciary management and governance structure and (c) improving monitoring and evaluation and fiduciary and environmental capacity.

Part B: Demand-side Housing Subsidy Support

1. Affordable Mortgage Program (AMP)
2. Public Rental Subsidy Program for Tenants
3. Private Rental Subsidy Programs for Investors
4. Private Rental Subsidy Programs for Tenants,
5. Rental Inventive Package.
6. PPP Guidelines (Public-Private Partnership)

Part C: Strengthening the Governance and Institutional Structure of the Housing Sector:

1. Establishment and operation of an internal audit function within SHMFF providing assurance service for the ownership and rental programs .
2. Supporting the interest rate to ensure the sustainability of social housing
3. Adopting the necessary legislation to regulate the profession of real estate development and installment sale.
4. Activating the environment unit in the SHMFF.
5. Serve the beneficiaries efficiently.

Part D: Enhancing transparency and accountability in social housing programs:

1. Establishment and functioning of a housing monitoring and evaluation system and an M&E unit within SHMFF, and the preparation of the Multi-Year Plan and Annual Targets informed by the M&E system.
2. Effective response to citizens' complaints.
3. A mechanism for monitoring the occupancy of the units.

Part E: Improving access to affordable housing units:

1. The number of new housing units subsidized annually.
2. The number of subsidized rental units annually.
3. The number of housing units developed by the private sector.

Part F: Promotion of social housing in good locations:

1. Residential units that are 60 minutes away from the work center or less by car.

The Program Duration:

The Program closing date is Decmber 31, 2025

Terms of repayment and Grace period:

According to the loan agreement, Schedule 3 , the Arab Republic shall repay the loan on semi-annual installment due on January and July 15th each year, starting from July 15th 2020 and ending on January 15th 2050. Each installment amounts to (1.67%) of the loan amount, except for the Installment dated January 15th 2050 which will amount to (1.47%)

According to the additional loan agreement, Schedule 3 , the Arab Republic shall repay the loan on semi-annual installment due on April and October 1st each year, starting from April 1st 2025 and ending on October 1st 2054. Each installment amounts to (1.67%) of the loan amount, except for the Installment dated October 1st 2054 which will amount to (1.47%)

Note 2 - Accounting Policies

The following are the significant applied accounting policies:

2/1 Method of Accounting

The Program maintain its accounts on the cash basis of accounting. On this basis receipts are recognized when received by the Program and expenditures are recognized when paid.

2/2 Foreign currency translation:

The SHMFF maintains its accounts in Egyptian Pounds. Transactions in U$ dollar currencies are recorded at the average exchange rates ruling at the end of the financial year 30 June 2025.

Note 3–Cash receipt (Financing) Analysis

Amounts in US $

	For 1 July 2024 to 30 June 2025	Cumulative to 30 June 2025
Cash Receipt		
World Bank (WB)	17,229,460	639,930,715
Social Housing and Mortgage Finance Fund (SHMFF)	657,520	4,778,093
Total Financing	**17,886,980**	**644,708,808**

*As per the Issuance of Law 93 of 2018 Related to the Social Housing and Supporting Mortgage Finance Fund Law on 11/6/2018 by Merging the Two Funds under the Name of the Social Housing and Mortgage Finance Fund.

Note 4 - Expenditure & Net Financing

Note 4/1 – World Bank Loan NO.8498 and Additional Financing No. 9033

Amounts in US $

	For 1 July 2024 to 30 June 2025	Cumulative to 30 June 2025
Cash Receipt*	169,708,447	806,065,069
Expenditure	(17,229,460)	(517,561,822)
Net Funds balance	**152,479,057**	**288,503,247**

*The total financing during the current period, amounting to $ 169,708,447 , is the amount of financing added from loan No.8498 and loan No.9033.

**The total expenditure during the current period,amounting to $17,229,460 is represented in the disbursed amounts of financing from both loan No.8498 and additional loan No.9033

Note 4/2 – World Bank Loan NO.7747*

Amounts in US $

	For 1 July 2024 to 30 June 2025	Cumulative to 30 June 2025
Cash Receipt	-	122,368,805
Expenditure	-	(122,368,805)
Net Funds balance	**-**	**-**

*It is surplus carried over from loan No. 7747 , which has been used to finance some of the program's activities .

Note 5 - Improving Management Information System

Amounts in US $

	For 1 July 2024 to 30 June 2025	Cumulative to 30 June 2025
Improving Management Information System*	263,771	1,938,685
Total	**263,771**	**1,938,685**

*The value of renewing IBM software licenses, maintenance services, technical support, additions and modifications for each of the automated system used by the social housing fund, mortgage finance fund and its electronic portal.

Note 6 - Wages and salaries

Wages & Salaries as at 30th June 2025 is represented as follows:

Amounts in US $

Salaries & Wages	For 1 July 2024 to 30 June 2025	Cumulative to 30 June 2025
Improving Management Information System	101,520	834,749
Improving Monitoring & Evaluation	56,673	531,979
Internal audit function	96,752	643,699
Mechanism for considering complaints and grievances	111,389	696,250
Operating the Fund's Environmental Department	17,448	31,708
Total Salaries & Wages	**383,782**	**2,738,385**

Note 7 - Other Expenditures and bank expenses

As at 30th June 2025 is represented as follows:

Amounts in US $

Others	For 1 July 2024 to 30 June 2025	Cumulative to 30 June 2025
Independent Verification Agent Fees	9,967	101,023
bank charges & interest	70	1,075
Total Others	**10,037**	**102,098**

Note 8 – Important events

- In March 2025, the United States government announced an amendment to the customs duties imposed on a number of imported goods, including certain raw materials and industrial components used in the company's production processes.

Exchange Rate Fluctuations:

- During the period from July 2024 to August 2025, the Central Bank of Egypt reduced its key interest rates from 27.25% in April 2025 to 24.00% in July 2025, and then to 22.00% in August 2025. This decision highlights the importance of continuously monitoring economic developments and their impact on the funds performance. The funds management is currently assessing the potential effects on future financial statements.
- In 2025, the Arab Republic of Egypt witnessed significant fluctuations in exchange rates. On April 9, 2025, the US dollar reached its peak at approximately EGP 51.6, while the Egyptian pound experienced a relative improvement in August 2025, with the dollar decreasing to around EGP 48.2. The average exchange rate during the year was approximately EGP 50 per US dollar. These changes had a material impact on the revaluation of cash balances and foreign currency accounts, as well as on financing costs and the prices of imported purchases. Management takes these variables into consideration when preparing the financial statements.