



9 November, 2020

Dear Stakeholders of the Egyptian-American Enterprise Fund:

As the global pandemic continues to evolve and impact lives everywhere, I want to update you on EAEF's efforts to support and develop the Egyptian private sector during this difficult time. First and foremost, my heart goes out to everyone who has been affected directly or indirectly by this public health crisis. Over the last few months, markets have witnessed unprecedented disruptions because of the spread of COVID-19. It is becoming clear that global economies, and, particularly, developing and low-income countries, will struggle through social, economic and fiscal distress as a result of the economic slowdown.

Despite the challenges we face ahead, EAEF remains committed to execute on its mission. We invested in Egypt at the height of the economic crisis that followed the Arab spring and view the current crisis as another opportunity to help the Egyptian private sector weather a storm and deliver on our investment strategy.

In that regard, I am pleased to announce that EAEF is in the process of extending a \$10 million loan to Fawry's subsidiary, Fawry Microfinance. Fawry is Egypt's leading e-payment provider, offering financial services and payment solutions to consumers and businesses through a network of more than 165,000 points-of-service. Through this credit line, Fawry will provide much-needed microfinance products to small merchants and retailers across Egypt to help them launch their small enterprises and sustain their businesses in face of the current challenging environment. At a time where inflows of new investment are drying up, and in a country where the majority of the population does not have access to bank accounts, extending microfinance opportunities to provide the unbanked population access to credit solutions is crucial. I am also pleased that Fawry recently became Egypt's first fintech company to hit a market cap of \$1 billion making it the country's first unicorn.

I am proud to report that Lorax Capital Partners ("LCP"), our long-term partners on the ground, have successfully raised \$140 million for their first independent private equity fund. EAEF seeded LCP in 2013 and is investing \$50 million in the new fund along with development finance institutions. Throughout the past seven years, our relationship with LCP has been instrumental in enabling us to attain our objectives and deliver on our mandate. Through LCP, we invested in

five Egyptian companies in different sectors, supported thousands of jobs and attracted more than \$300 million of foreign direct investment to our portfolio companies.

Furthermore, as part of our support for small- and medium-sized enterprises (“SMEs”) in Egypt, our partner, TCV successfully invested in Abu Auf, a specialty food retailer with branches spread across the country. The investment proceeds will be used to build a new processing facility and logistics hub. TCV is a midmarket private equity fund in Egypt. EAEF increased its commitment to TCV by \$30 million in 2019. We are excited about TCV’s pipeline and are optimistic that we will close on several transactions in the near future.

To scale our contribution to the entrepreneurial eco-system in Egypt, EAEF invested an additional \$1 million in Flat6Labs second closing. Flat6Labs is a startup accelerator and incubator, it fills the financing gap in the Egyptian market for seed-stage financing. The fund invests in early-stage startups and provides them with strategic mentorship, business training and workshops to help them start and scale. To date, Flat6Labs graduated over 50 startups and created hundreds of jobs.

I am also pleased to announce that EAEF co-invested with a local private equity firm to acquire a minority stake in Al Tayseer Healthcare Group (“THG”). THG is the largest healthcare provider and operator in the underserved region of the Nile Delta. It is EAEF’s first investment outside of Cairo.

Our existing portfolio companies continue to report steady growth. Dawi Clinics, a chain of outpatient clinics, grew its network to 12 branches, opening its first branches outside Cairo in Tanta and Mansoura in the underserved Nile Delta region. Additionally, Dawi developed a telemedicine system to help and advise its patients during a time where the need for quality healthcare services is more pressing than ever. In 2019, EAEF invested in Nermien Ismail Schools (“NIS”), a private school developer and operator in Egypt. NIS has launched 3 new schools this year 2020/2021, of which two schools are in the New Administrative Capital (“NAC”) and the third is in Port Said city. Over 1,200 students have enrolled into the two new schools located in the NAC this year making NIS the largest school operator in the newly developed capital.

I would like to thank our board of directors for their continued engagement and support for EAEF. Since the beginning of the COVID-19 lockdown, they have participated on numerous calls and virtual meetings advising EAEF’s team.

Sincerely,

A handwritten signature in blue ink, appearing to read "James A. Harmon". The signature is fluid and cursive, written over a light blue horizontal line.

James A. Harmon
Chairman