



## **Egyptian-American Enterprise Fund “EAEF” Annual Letter**

February 4, 2020

Dear Stakeholders of the Egyptian-American Enterprise Fund,

2019 was a year of milestones for EAEF. Six years after signing the grant agreement with USAID, EAEF’s portfolio grew to seven Egyptian private companies in key sectors such as education, agriculture, fintech and healthcare. EAEF also seeded three domestic investment funds that focus on early-stage companies. I am proud that we are publishing our first impact report outlining the developmental impact EAEF has had in Egypt.

Egypt’s macroeconomic indicators continued to show signs of recovery in 2019 and are expected to continue to grow on the same upward trajectory, with key indicators showing continued improvement. The EAEF remains optimistic about Egypt’s economic prospects and is a believer in the country’s long-term economic fundamentals. We continue to execute on our mission of investing in growing companies with innovative value propositions that address significant market needs and contribute to inclusive economic growth. In this regard, in the first quarter of 2019, EAEF closed an investment in Misr Hytech Seed International, a leading producer of proprietary seeds in Egypt. The company supports the development of the local agricultural landscape in Egypt and reduces the country’s reliance on imported grains, which in turn alleviates foreign currency pressures. In addition, EAEF acquired a significant minority stake in Nermien Ismail Schools (“NIS”), a private school developer and operator in Egypt founded by Dr. Nermien Ismail. The deal marks our first direct investment in education. NIS operates three campuses, encompassing nine schools, and serves over 9,000 students in Cairo. It is one of the leading fully blended learning schools in Egypt, with an online student learning platform encompassing more than 35,000 videos.

Furthermore, I am pleased to announce that in August 2019, EAEF sold a portion of its stake in Fawry, Egypt’s largest electronic payments platform, in an initial public offering (“IPO”) valuing the company at a significant premium to EAEF’s initial investment. Fawry is the second EAEF portfolio company to go public. Since EAEF’s investment in 2015, the company grew significantly. Fawry provides payment services to more than 20 million Egyptians through 125,000 service points spread across the country and is looking to expand beyond Egypt to other countries in the region.

I am also pleased to report that we increased our allocation to Tanmiya Capital Ventures (“TCV”) by \$30 million bringing our total commitment to TCV to \$40 million. TCV is a midmarket private equity fund focusing on SMEs, and to date, is invested in five companies in different sectors including agriculture, consumer finance, renewable energy, among others.

Our existing portfolio companies continue to report impressive growth. Dawi Clinics, a chain of outpatient clinics, grew from five to eight locations in Cairo in 2019, with plans to expand beyond Cairo and into the



Nile Delta and Upper Egypt in the coming years. EAEF's investment in Orchidia Pharmaceuticals, a leading ophthalmic pharmaceutical company in Egypt, continues to expand its product portfolio, providing Egyptian consumers with affordable, high-quality ophthalmic solutions. Moreover, consumer and structured finance company, Sarwa Capital, has shown strong performance in 2019. We introduced Prudential Financial, Inc. (USA) to Sarwa Capital which will lead to an investment by Prudential's Impact & Responsible Investing unit into Sarwa's subsidiary, Sarwa Life Insurance. This investment will support the offering of Sarwa's life insurance products in Egypt.

On the fund of funds front, I am happy to report that through TCV, Algebra Ventures and Flat6Labs, EAEF was able to invest in more than 65 early-stage companies as of year-end 2019. Seeding local fund managers has been a key to our success and has enabled us to reach a large number of early-stage and growing companies in different sectors.

Our strong relationship with Lorax Capital Partners ("LCP") has enabled us to attain our objectives and deliver on our mandate. I am pleased with the progress we have achieved throughout the past six years and am excited about our pipeline. We continue to support LCP as they raise capital for their first independent private equity fund.

Finally, I would like to thank our Board of Directors for their continuous support and their deep-rooted commitment to EAEF's mission. I take this opportunity to thank Daniel Zelikow who resigned from the Board of Directors at the end of 2019. Dan played a valuable role over five years as a member of EAEF's board and investment committee. I would also like to thank Amal Enan, EAEF's Executive Director, who resigned in 2019, after serving at EAEF for five years. We wish them well in their future endeavors and are grateful for their support, dedication and hard work during those challenging times. I am delighted to announce that Tarek Kabil, Egypt's former Minister of Trade and Industry, has joined the Board bringing with him years of experience and insight into the Egyptian economy. I am also pleased to share that Nishan Seal, EAEF's Senior Financial Controller, has been promoted to Chief Financial Officer. I would also like to welcome Cornelius Queen as our latest addition to the team in New York in the role of Associate.

Sincerely,

James A. Harmon  
Chairman