



09 February, 2021

Dear Stakeholders of the Egyptian-American Enterprise Fund,

It has been nearly a year since the coronavirus took over our lives and words like “quarantine”, “mask” and “lockdown” became part of our everyday vocabulary. We are finally seeing the light at the end of the tunnel, and as vaccine rollouts in several countries continue, we are cautiously optimistic that we will go back to some level of normalcy later this year.

In response to the challenges presented by the pandemic, we at EAEF “doubled down” on our mission to develop the private sector in Egypt, create jobs and promote financial inclusion. We expanded our investment strategy and explored new avenues to deliver on our mandate.

In that regard, EAEF extended a \$10 million loan to Fawry’s subsidiary, Fawry Microfinance. This facility provides much-needed financial assistance to micro, small and medium-sized enterprises (MSMEs) across Egypt to finance their working capital and help them sustain their businesses in face of the current challenging environment. Egypt’s MSMEs generate over 80% of private sector employment in Egypt and account for over 20% of the country’s GDP. As these businesses respond to the impact of the Covid-19 crisis, financial assistance will be critical to their recovery.

It is worth noting that Fawry has reached another milestone by surpassing a \$2 billion market cap.

Furthermore, we continue to support TCV, our partner in Egypt. In 2020, TCV successfully invested in Abu Auf, a specialty food retailer with branches spread across the country. We are excited about TCV’s pipeline and are optimistic that we will close on several transactions in the short-term.

In 2020, we participated in Flat6Labs’ second closing, investing an additional \$1 million in the fund. We are proud of Flat6Labs’ efforts to develop the entrepreneurial ecosystem in Egypt. Since the fund was launched in 2017, Flat6Labs graduated more than 50 startups, offering them mentorship and training in addition to financial support.

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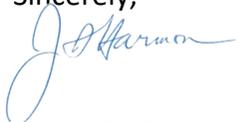
I am also proud to announce that EAEF partnered with Ezdehar to coinvest in Al Tayseer Healthcare Group, a healthcare provider and operator in the Nile Delta region. This transaction marks our first investment outside of Cairo and our first investment in a hospital. We continue to pursue investments in healthcare as the current crisis only highlighted the dire need for adequate medical facilities everywhere.

I am pleased 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 will invest \$50 million in the new fund along with investments from development finance institutions. Over 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.

Finally, I would like to thank our Board of Directors for their continuous guidance and support. I take this opportunity to thank Mohamed El Beih who resigned from the board in 2020. Mohamed played an instrumental role as a member of EAEF’s board and investment committee over the years. I am grateful for his contribution and wish him well.

While the outlook remains uncertain, I am optimistic about Egypt’s economic prospects and view the current challenges as an opportune moment to accelerate delivery on our investment strategy. At a time when Egypt is relying on increased investments to promote long-term sustainable growth, our role as a catalyst to foreign direct investment is crucial.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Harmon", written in a cursive style.

James A. Harmon
Chairman