



December 12, 2022

The Honorable Chris Coons
Chairman
Senate Appropriations Subcommittee
State, Foreign Operations, and Related
Programs
Washington, D.C. 20510

The Honorable Lindsey Graham
Ranking Member
Senate Appropriations Subcommittee
State, Foreign Operations, and Related
Programs
Washington, D.C. 20510

The Honorable Barbara Lee
Chairwoman
House Appropriations Subcommittee
State, Foreign Operations, and Related
Programs
Washington, D.C. 20515

The Honorable Hal Rogers
Ranking Member
House Appropriations Subcommittee
State, Foreign Operations, and Related
Programs
Washington, D.C. 20515

Dear Chairman Coons, Ranking Member Graham, Chairwoman Lee, and Ranking Member Rogers:

This year has been challenging for global markets and particularly for the economy in Egypt. The Egyptian government recently signed a staff level agreement with the International Monetary Fund (IMF) for a \$3 billion loan. This agreement was accompanied by a series of difficult fiscal and monetary measures including a 200 basis points (bps) hike in interest rates concurrent with a move towards a more flexible FX regime. This led to a further depreciation of the Egyptian pound by more than 50% year to date. As a result of this depreciation, EAEF anticipates a loss of approximately \$180 million for 2022. The original 2013 commitment from USAID was \$300 million which compares to the estimated net asset value (NAV) of EAEF's portfolio of more than \$440 million YTD. The inception to date estimated rate of return is 8.43% per annum.

Many of our portfolio companies continue to experience healthy revenue growth and stability in their businesses even while operating in difficult markets. We continue to support our portfolio companies to maximize long-term value. Contact Financial and Fawry were listed on the

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Egyptian Stock Exchange (EGX) in 2018 and 2019 respectively. In 2022, share prices of both companies have declined. As both companies continue to report strong earnings growth, we do not believe that these current share prices reflect the true value of each company.

We are pleased to report that we recently closed a transaction that we had negotiated earlier this year to sell a portion of our stake in Abu Auf, a specialty food retailer managed by one of our fund managers Tanmiya Capital Ventures (TCV). We sold the investment to Agthia, an Abu Dhabi-based food and beverage company and a subsidiary of Abu Dhabi Developmental Holding Company (ADQ), an Abu Dhabi sovereign wealth fund.

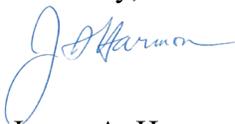
Our portfolio company, Tamweel, also managed by TCV, closed the largest securitized mortgage issuance in Egypt in September of 2022 for EGP 1.6 billion. The issuance is part of a 3-year securitization program.

Lastly, Algebra Ventures, one of the premier venture capital firms based in Egypt, closed their second fund in the first quarter of 2022. EAEF invested \$15 million in Algebra's second fund.

On the following page, you will find EAEF's projected 2022 financial results. Having drawn down the full \$300 million USAID commitment, we remain a self-sustaining fund. We continue to finance our operations with income from interest and dividends, and to recycle realized investment proceeds.

If you have any questions, please do not hesitate to reach out to me. I would like to take this opportunity to wish you a very happy holiday season and a healthy and productive new year.

Sincerely,



James A. Harmon
Chairman



**Egyptian-American Enterprise Fund
2022 Projected Income Statement**

	Projected Unaudited Year Ended December 31, 2022	Final Audited Year Ended December 31, 2021
Operating Income	\$ USD	\$ USD
Interest	697,183	74,982
Dividends	8,602,389	5,041,902
Total Operating Income	9,299,572	5,116,884
Operating Expenses	\$ USD	\$ USD
Management Fees	2,613,638	2,574,833
Payroll & Related	1,512,488	1,341,997
Professional Fees	451,459	673,052
Office and Other Expenses	239,718	202,288
Travel	106,184	28,367
Total Operating Expenses	4,923,487	4,820,537
Net Operating Income	4,376,085	296,347
Net Gain / (Loss) on Investments	\$ USD	\$ USD
Gain / (Loss) on Equity Investments	(177,468,700)	62,109,020
Gain / (Loss) on Debt Investments	(27,770,917)	10,892,865
Plus / (Minus) Incentive Fees	22,989,819	(9,844,743)
Total Net Gain / (Loss) on Investments	(182,249,798)	63,157,142
Net Income (Loss)	\$ (177,873,713)	\$ 63,453,489
Inception-to-Date IRR	8.43%	19.32%
NAV	440,574,519	600,867,077
USAID Commitment	300,000,000	300,000,000