

### FUND OVERVIEW

#### MESSAGE FROM THE CIO & IE



**Ashraf Esmael**  
Chief Investment Officer  
Middle East



**Alfinaz Murad**  
Investment Executive  
Jordan

The Nomou Jordan Fund has disbursed USD 1.5m since the beginning of this year and holds funds on commitment amounting to USD 0.6m. By the end of June, the Fund had invested USD 24m into 42 clients since its inception. USD 13.1m of this amount has been realised to date. Investment ground to a halt in Q2 due to the strict COVID-19 lockdown imposed in Jordan but is expected to regain momentum during Q3 and Q4. The Fund expects to make cumulative disbursements of approximately USD 3.5m this year.

Realisations were lower (47%) during Q2 than the level to be expected under normal circumstances as clients fell behind on their repayment schedules and had to undergo a concession approval process where applicable. However, actual realisations were better than COVID-adjusted forecasts for Q2. To date, concessions have been approved for almost half of the portfolio. This process is expected to continue during Q3. Our initial view is that the situation does not appear to be as damaging as expected – except for the tourism sector and to a lesser extent the healthcare sector that relies on medical tourists – but we need to remain cautious.

However, it should be noted that the COVID-19 lockdown has already resulted in 98 net job losses (6%) among Nomou Jordan’s clients. With the tourism sector hit hardest, three clients in this sector have shed a total of 34 jobs. A ban on sweets and other sugary products during the lockdown period also affected two Nomou Jordan clients in the food manufacturing sector, leading to 48 job losses.

The pandemic has deepened Jordan’s economic challenges at a time the country is trying to achieve a degree of stabilisation and growth, given the impact of the refugee influx on its infrastructure and resources. The unemployment rate borders 20% and further sustained impact interventions and investment will be required to help preserve existing employment and create new job opportunities going forward.

#### QUARTERLY HIGHLIGHTS

- Business Support**  
 We continued using our newly developed Resilience Tool Kit to guide a detailed discussion with each of our clients on how they can increase revenue and reduce expenses. Each client undertook a rigorous cashflow stress test and had to gauge the expected impact of the pandemic on different aspects of their business.
- Financial relief**  
 GroFin and Nomou Jordan scanned international and local markets to identify potential financial and non-financial support to our investees. We assisted clients to apply for local funding and engaged with Nomou Jordan’s current investors.
- Technical assistance**  
 Dutch development bank and trusted GroFin partner, FMO, has offered a COVID-19 response grant in the form of technical assistance to support our clients with crisis management, business continuity counselling and leadership coaching. FMO has designed a series of webinars and communities of practice for clients to share good practices. Palladium has been contracted to work with GroFin to provide remote advisory services.
- Release of Annual Report**  
 GroFin released its annual Impact Report for 2019 in April this year. The report included an overview of the financial performance and impact generated by the Nomou Jordan Fund.

#### CAPITAL OVERVIEW

As at Q2 2020

Capital raised.....**USD 26.9M**  
 Number of Investors & Funders to date.....**5**

#### Capital Structure

**100%**  
Equity

#### % of Capital Drawn





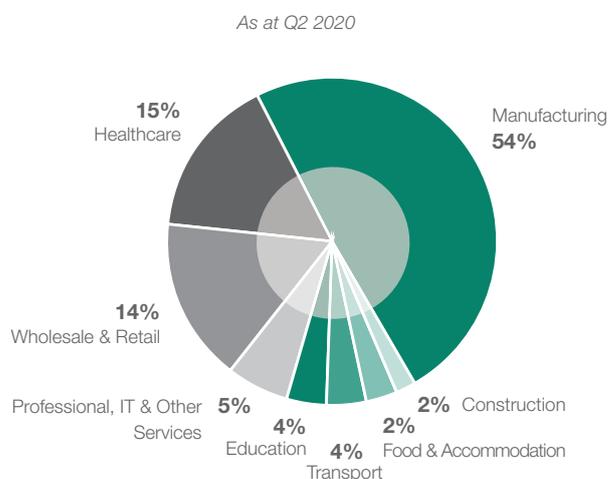
## PORTFOLIO

### OVERVIEW

	As at	Q1 2020	Q2 2020
Total disbursement to SMEs		<b>USD 24.0M</b>	<b>USD 24.0M</b>
Total portfolio balance		<b>USD 20.1M</b>	<b>USD 20.1M</b>
Total number of SMEs invested in		<b>42</b>	<b>42</b>
	During	Q1 2020	Q2 2020
New SMEs invested in		<b>2</b>	<b>-</b>
Value of disbursement to SMEs		<b>USD 1.5M</b>	<b>-</b>

No investment activity during Q2 due to the strict COVID-19 lockdown imposed in Jordan. Investment activity is expected to regain momentum during Q3 and Q4.

### DISBURSEMENT BY SECTOR



### BRAND BUILDING

GroFin CEO, Brienne van der Walt, took part in *ImpactAlpha's* Agents of Impact Call series. The virtual panel discussion focused on the need for 'responsive, aggregated and accessible capital' to help small and growing businesses in emerging markets survive the COVID crisis. Brienne highlighted the immediate need for cashflow resilience among small businesses to help them survive over the short-term, before they can begin to rebuild.



*"In terms of business hospitalisation, and putting many of these companies and their employees in economic intensive care units, we are six to nine weeks behind the human health tsunami."*

Brienne van der Walt, GroFin CEO

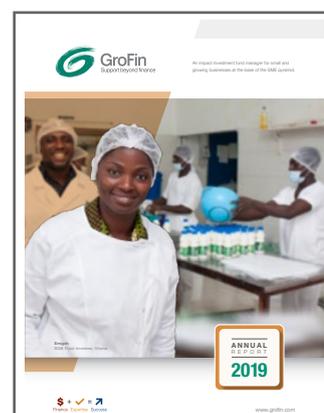


### ANNUAL REPORT

GroFin released its annual Impact Report for 2019 during the second quarter of this year. The report highlighted that GroFin deployed USD 21m in growth capital to 25 new small businesses during 2019, thereby increasing the number of jobs sustained since inception to 89,450.

The Impact Report also provides an overview of the following:

- GroFin's initial client interventions in response to the COVID-19 pandemic.
- The financial performance and impact generated by each of our seven active Funds, including the Nomou Jordan Fund.
- The impact our finance and business support have on our clients' businesses and how these businesses impact communities through job creation.





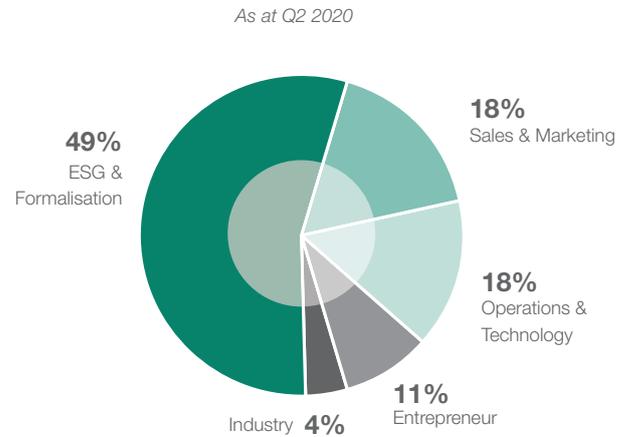
**BUSINESS SUPPORT**

**OVERVIEW**

As at	Q1 2020	Q2 2020
Entrepreneurs who received pre-investment business support	544	549
Entrepreneurs who received post-investment business support	42	42
Refugee-owned businesses who received post-investment business support*	10	10
During	Q1 2020	Q2 2020
Entrepreneurs receiving pre-investment business support	8	5
Entrepreneurs receiving post-investment business support	28	28

\* Includes figures for Al Mueen, a business that was partly owned by an Iraqi migrant at time of investment but who, as at Q2 2020, has divested from the business. The business is now 100% Jordanian and woman-owned.

**Business Support Interventions by Key Risk Areas**



**COVID-19 SUPPORT TO CLIENTS**

Nomou Jordan’s clients recognise the valuable assistance we offer and many reached out to us immediately after the COVID-19 lockdown was imposed. The Nomou Jordan team used GroFin’s newly developed **Resilience Tool Kit** to guide a detailed discussion with clients on how to **protect revenue and reduce expenses**. Our team worked meticulously with each client and as a result the damage was less than anticipated. Some clients who were close to announcing bankruptcy could save their businesses.

Each client undertook a **rigorous cashflow stress test** and had to **gauge the expected impact** of the pandemic on four aspects of their business: demand, supply chain, staff, and finances. This process also included **reviewing expenses** line by line to consider measures such as renegotiating rental agreements or reducing staff hours and exploring alternatives to increase revenue, such as moving to online sales.

We **reviewed each client’s need** for term extensions or moratoriums on their obligations to Nomou Jordan, while assisting them in **negotiating with other creditors**. We have also assisted eligible clients in **applying for soft loans** offered by the Central Bank of Jordan to ease the impact of the pandemic on the economy.

**SABOBA, NJF INVESTEE**

Al-Mutamayeza for Frozen Food Trading, which trades under the name Saboba, is a Jordanian wholesaler distributing high-quality frozen and processed meat and poultry products. When Jordan imposed one of the strictest COVID-19 lockdowns in the world, Saboba had to cease production. Although its food products could still be sold, restrictions caused a drop of more than 60% in the business’s sales and a delay in payments from many of its customers.

The lockdown also took effect right at the time Saboba planned to install a new production line and its newly imported equipment was left stuck in customs. While nearly all activity in the country had grinded to a halt, Nomou Jordan reached out to key decision makers to arrange the release of Saboba’s equipment and avoid severe delays in setting up the new production line. Nomou Jordan also introduced the client to logistics service providers to help move and install the machinery and assisted the business in obtaining the necessary permits to resume operations.



*“We managed to get our new machinery, could meet demand, and maintain the brand’s reputation. The company was under the threat of closure. The support offered by Nomou Jordan meant we survived and are back in business.”*

Raed Mustafa Saboba  
Owner of Saboba





**BUSINESS SUPPORT**

**SINDBAD MARINE TRANSPORTATION COMPANY**

NJF INVESTEE

Sindbad Marine Transportation Company offers tourist charting services between Jordan and Egypt as well as water sport and yachting activities on the Jordanian Gulf of Aqaba, where it operates the Berenice Beach Club. It was one of the first businesses to receive financing from the Nomou Jordan Fund in 2014, employs 110 people, and had been performing well before the COVID-19 crisis.



Jordan's tourism sector has been hit especially hard by the pandemic. Even before national borders were closed in March, Sindbad experienced complete cancellation of international bookings as the virus spread to Europe. It does not expect to generate any revenue until at least October 2020.



Nomou Jordan assisted the client in applying for a soft loan from the Central Bank of Jordan and it has been approved to receive JOD 500k. We are also assisting Sindbad in negotiations to reschedule some of its non-operating obligations. However, the business will still need to cover some fixed operating costs and outstanding commitments and must meet its obligations towards its employees. In order to survive, Sindbad will need additional bridging finance.



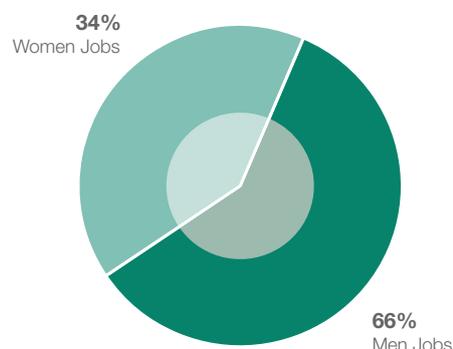


## IMPACT

### OVERVIEW

As at	Q1 2020	Q2 2020
Total jobs sustained	2,735	2,520
Direct jobs sustained	1,741	1,643
Total livelihoods sustained	13,675	12,600
Direct jobs sustained per USD 1M disbursed	72 jobs	67 jobs

### Cumulative Direct Jobs Sustained by Gender



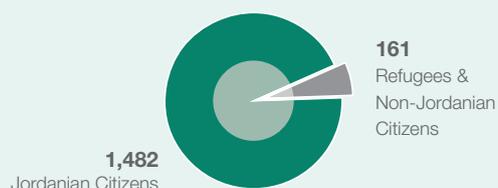
- The portfolio saw a **net loss of 98 direct jobs representing** a 6% decrease of direct jobs sustained as at Q1 2020. This includes 11 new direct jobs created by one client and 109 direct jobs lost by 8 clients.
- The job losses also **include 48 jobs lost by manufacturing companies** which produces goods that were considered as non-essential during the lockdown.
- A **further 34 jobs were lost** by companies in the **tourism industry** - one of the sectors worst affected by the COVID-19 pandemic. Other businesses that have been affected by job losses operate in the wholesale & retail and healthcare (routine medical diagnostics) sectors.
- As businesses resume normal activities, and provided that the pandemic does not worsen, it is expected that several of the Fund's investees will be able to **restore a number of the jobs lost by Q4 2020** - if they can return to pre-COVID-19 levels of production and sales.

## REFUGEE OUTREACH

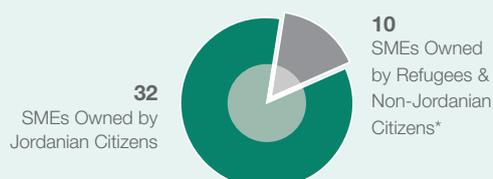
### OVERVIEW

As at	Q1 2020	Q2 2020
Refugee & non-Jordanian livelihoods impacted directly	845	805
Direct jobs sustained by refugees & non-Jordanians	169	161
Refugee & non-Jordanian-owned businesses receiving financial and post-investment business support*	10	10
Disbursements in refugee & non-Jordanian-owned businesses*	USD 5.1M	USD 5.1M
Investee businesses employing refugees & non-Jordanians	19	18

### Direct Jobs Sustained by Nationality



### Financial and Post-investment Business Support



\* Includes figures for Al Mueen a business that was partly owned by an Iraqi migrant at time of investment but who, as at Q2 2020, has divested from the business. The business is now 100% Jordanian and woman-owned.