

NearHealth

An investment vehicle that partners with physicians in Morocco to generate significant returns while expanding the accessibility of healthcare in the country



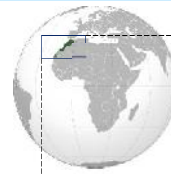
Problem description: Morocco, like many developing countries, lacks doctors in certain areas

Despite recent improvements in the local healthcare industry, Moroccans continue to suffer from a scarcity of doctors, nurses and midwives in small to medium cities as well as rural areas. In larger cities such as Casablanca, there are 8.7 physicians per 10,000 inhabitants compared to only 1.9 physicians per 10,000 in more remote areas.

As a result, hospitals are congested and the quality of medical services is deteriorating. Moreover, many recently graduated doctors remain unemployed due to a lack of jobs within the public sector owing to budget constraints, and the high capital requirements for opening their own private clinic. The market for clinic-level healthcare in Morocco is significant, estimated to be at around €100M and growing at a ~11% CAGR

Opportunities:

- Legislative: Recently passed legislation in Morocco allows non-doctor investors to open private clinics
- Political: The Moroccan government has increased its support for the industry, by opening new universities, thereby increasing the number of annual doctor graduates by 25%
- Scalability: China, India, Nigeria, South Africa and Algeria face similar challenges and would be good candidates for future expansion
- Financial: Underdeveloped capital markets in Morocco lead to a dearth of investors and allow for a first mover effect



Solution description : Undertake a phased approach to finance health clinics in East Morocco

To address the challenge of healthcare access in Morocco we propose setting up an investment fund to invest in basic clinical infrastructure, doctors and other required staff in these areas. The fund will partner with doctors through a Shareholder Loan that is earned out over the course of the clinic's operations. As the doctor scales their operation, they buy ownership in their own clinic through an excess cash flow sweep that is exhausted once the fund has been repaid

Based on the average clinic-level economics outlined below, the average clinic will be able to generate a 5-Year IRR of 9% which will allow the doctor to earn out their clinic by the 5th year of operations. From a risk standpoint, by Year 4, a significant amount (70%) of the total value of the Shareholder Loan has been repaid

The Shareholder Loan mechanism allows the fund to take control of the clinic in the event that a doctor is unable to generate the level of cash flows commensurate with the return profile the fund is expecting

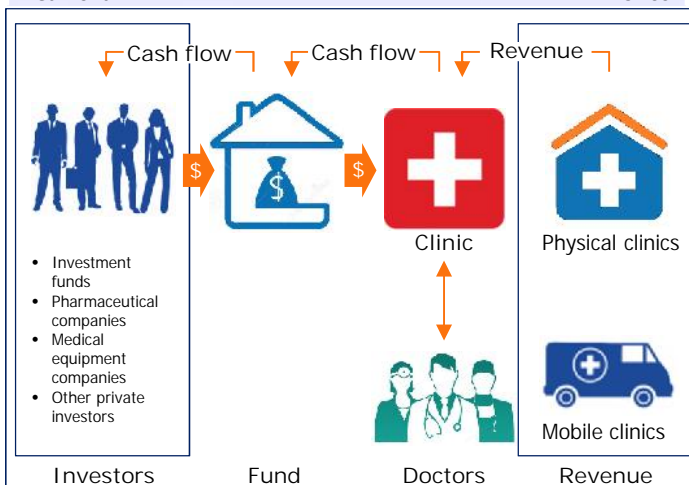


Initial investment per clinic, EUR

Medical chair and other function furnitures	(1 000)
Ultra-Sound	(5 000)
ElectroCardioGramme (ECG)	(2 000)
the practice flat	(50 000)
Physicians' desk	(500)
Waiting room	(1 450)
Assistant area	(300)
Miscellaneous	(1 000)
Total expense	(61 250)

Income statement per practice, EUR

Revenue	72 800
Doctor Salary	(24 000)
Assistant Salary	(3 600)
Medical Supplies	(1 500)
Other Operating Expenses	(500)
Net Profit	43 200



Starting off with one clinic in Oujda (North-East), NearHealth would then expand to other areas where there is a lack of healthcare access

- Phase 1: Proof of concept in the city of Oujda in the North-East Morocco (40 GPs) to benefit from the newly created university where the first batch to graduate next year
- Phase 2: Extend the network to the rest of Morocco, (110 GPs)
- Phase 3: Replicate the NearHealth approach on an international level in countries facing similar challenges, with a near term target of expansion in neighboring Algeria

In order to expand the reach of NearHealth, we will also consider rolling out a Mobile Clinic platform. The Mobile Clinic will serve inhabitants in the areas surrounding the physical clinic. Doctors or support staff can leverage the Mobile Clinic to travel to these surrounding areas on fixed days in a week. The Mobile Clinics can also be considered as an additional revenue stream

