



Ethio Lease Signs Agreement with Ministry of Agriculture and Agricultural Transformation Agency

Agreement provides agriculture equipment to farmers' mechanization centers.

Addis Ababa, Ethiopia, February 28, 2020 - Ethio Lease, the first foreign-owned leasing company, today announced the signing of a Memorandum of Understanding (MOU) agreement with the Ministry of Agriculture ("MOA") and the Agricultural Transformation Agency ("ATA") to lease agriculture equipment to ATA sponsored farmers' mechanization centers. The agreement was signed by the State Minister of Agriculture, Sani Redi, ATA's Senior Director Dr. Chimbo Anchala and Ethio Lease Board Chairman, Girma Wake, during a press conference held at the Ministry of Agriculture, in the presence of Ethio Lease CEO Girum Tsegaye, CEO of AAFC Mr. Frans VanSchaik, Ethio Lease Board Member Gabriel Negatu, among other key government officials and relevant stakeholders.

Ethio Lease is a subsidiary of Africa Asset Finance Company Inc. (AAFC), a New York-based firm that owns and operates a group of companies that provide asset backed lending (ABL) and leasing services throughout Africa. Ethio Lease began operations in August 2019 after receiving a license from the National Bank of Ethiopia (NBE).

When asked how this collaborative agreement will impact the agriculture sector, the State Minister of Agriculture, His Excellency Sani Redi said, "A smallholder farmer cannot afford to buy agro-mechanization equipment by himself. Lease financing brings solutions through mechanized service providers."

During the press conference, Ethio Lease board chairman Girma Wake stated, “This is the first time that a company has been able to provide this kind of support. Leasing equipment to the mechanization centers has the potential to positively impact the agriculture sector, increase productivity among farmers and ensure significant financial gains for Ethiopia.”

Ethio Lease was formed to address the equipment and forex shortages in Ethiopia by providing capital goods financing and a wide range of leasing services for multiple sectors such as agriculture, healthcare, energy, food processing (coffee processing), and manufacturing, among others verticals.

Talking about the significance of the collaborative agreement, Ethio Lease CEO, Girum Tsegaye commented, “Initially, we will be working with most of the 10 mechanization centers for the pilot phase. The collaborative agreement has the potential to reach over 60 centers in the next two to three years, with Ethio Lease providing over \$150 million worth of agriculture equipment to ultimately support smallholder farmers, with support from the Ministry of Agriculture and ATA.”

Frans VanSchaik, CEO of AAFC and Vice Chairman of Ethio Lease, stated, “Provided that the various government agencies do not create too many hurdles, this agreement with the MOA and ATA will have a significant impact on smallholder farmers – by deploying agriculture equipment such as tractors, combines and implements in significant numbers – we will be able to have a meaningful impact on the lives of farmers and their families. This agreement will not only benefit farmers but is an efficient and practical solution to address the current equipment challenges in the agricultural sector.”

Since its launch, Ethio Lease has provided leasing services to address equipment shortages in the agriculture, healthcare, energy and food processing sectors, including some in manufacturing. To date, Ethio Lease has signed leasing agreements with more than 46 lessees, and this week delivered 9 tractors to various farmers in the country.

Ethio Lease decides what equipment to purchase and lease to the centers based on a needs assessment conducted in collaboration with ATA and will oversee the maintenance and proper

use of the equipment throughout the lease period, providing the lessee with the option to buy the equipment for a symbolic price, at the end of the lease period.

About Ethio Lease

Ethio Lease is Ethiopia's first privately owned equipment leasing company with a license from the National Bank of Ethiopia. Ethio Lease is a subsidiary company of African Asset Finance Company Inc (AAFC), which was launched in 2017 to address Africa's underserved market for equipment leasing and asset-backed lending, with Ethiopia as its first market. For additional information, please visit <https://ethiolease.com/>

About AAFC

Africa Asset Finance Company Inc (AAFC) is a rapidly growing specialty finance company. AAFC specializes in providing flexible equipment leasing and asset-based lending solutions to businesses across Africa. Headquartered in New York, the company maintains an international presence with an office in Dubai. For additional information, visit www.aafc.com.

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