

COMPANY OF THE MONTH



ADDIS ABABA, ETHIOPIA: Official launch of Ethio Lease on August 8th, 2019

- From left to right: Grima Wake, Franck Vanschaik, Girum Tsegaye, H.E. Michael A. Rainor, Dr Yinager Dessie - Source: zehabesha.com

ETHIO LEASE - THE FIRST FOREIGN OWNED LEASING COMPANY IN ETHIOPIA

Ethio Lease Ethiopian capital Goods Finance S.C is a subsidiary of **Africa Asset Finance Company Inc.**, a US-headquartered equipment finance firm that owns and operates a group of companies providing asset backed lending and leasing services throughout Africa. However, as of today, it only holds operations in Ethiopia. It is formed with ETB 400 million (app. \$13.5 million) in paid up capital fulfilling the requirements for the minimum initial paid up capital set by the **National Bank of Ethiopia** to establish a company in leasing sector.

Ethio Lease, the first foreign-owned entity that received a "financial services" license from the **National Bank of Ethiopia (NBE)** which is part of a plan Ethiopian **Prime Minister Ahmed** announced to open up large swathes of the economy to more foreign capital. Despite the fact that leasing was part of the sectors opened to foreign investors in the original investment law dating back from 2012, and that the Proclamation No. 103/1998 permitted capital

goods leasing in different areas since 1998, it had not been allowed up to now. The delay was due to reluctance at the **NBE** level that had placed various hurdles and provided limited guidance on requirements for operations and licensing. At least two other foreign leasing companies tried registration (one even deposited the minimum required capital of \$10 million in a local bank) but gave up and canceled and/or repatriated funding. As such, **Ethio Lease** can not only be considered the first Leasing business in the country, but also the first foreign investment in the financial sector in Ethiopia.

The company was officially launched on August 8th, 2019, at **Sheraton hotel in Addis Ababa**, in the presence of **NBE Governor Dr. Yinager Dessie**, the **Minister of Finance Ahmed Shide**, **Ethio Lease board chairman Girma Wake**, other key government officials and relevant stakeholders.

In terms of operations, **Ethio Lease** will purchase equipment from agricultural machinery to medical equipment and drilling rigs, with a plan to bring into Ethiopia a total equipment value worth \$600 million.

Having the office located in **Addis Ababa, Ethiopia**, **Ethio Lease** ran and supported by senior local and foreign management and supervision:

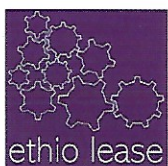
- **Grima Wake** serves as chairperson of **Ethio Lease** and as Vice Chairman of **African Asset Finance Company Inc.** He is also board chairperson of **United Insurance** and sits on the board of **Ethiopian Airlines** (for which he is a former CEO);
- **Tommy Graham**, an expert in international leasing operations in the UK, Middle East and South Africa. He has held positions as Managing Director of **Loxam's Rapid Access** businesses in **Bahrain** and **Saudi Arabia**, Managing Director of **Rapid Middle East**, Managing Director of **Nationwide Access**, and Service Manager for **Libra-Plant in South Africa**;
- **Anne Eriksson** is recently retired from **PricewaterhouseCoopers (PWC)** where she was the Regional Senior Partner for Eastern Africa;
- **Brooks Washington** is a founder of **Roha** and previously served as General Manager of **Juniper Glass Industries**, a glass manufacturing project in Ethiopia;
- **Frans Vanschaik** serves as a vice chair of **Ethio Lease** and is the Chairman and CEO of **African Asset Finance Company Inc.**, the main investor into **Ethio Lease**;
- **Gabriel Negatu** is Director General, Eastern Africa for the **African Development Bank**;

- **Michael Turner** is Managing Director of **Actis in East Africa**; and
- **Mohab Mufti**, currently at the head of advisory firm **Decca Investments** and serving on the Board of **Arqaam Capital**, a **Dubai-based** investment bank.

While leasing comes in many forms and shapes, for now the only form of leasing that the **NBE** will allow is a capital lease (aka "financial lease" or "full pay-out" lease). Capital lease is a lease agreement in which the lessor agrees to transfer the ownership rights to the lessee after the completion of the lease period. Capital or finance leases are long term and non-cancellable in nature.

Thus, **Ethio Lease** provides companies and individuals with lease contracts, whereby the customer is the Lessee, who has a conditional right to use the equipment, and **Ethio Lease** as the Lessor, buys and owns the equipment that cover the significant portion of the economic life of the purchased equipment. It will also ensure that companies that lease equipment adhere to proper operations, maintenance upkeep, health and safety, and adequate storage throughout the lease period.

For imported equipment, **Ethio Lease** will acquire the equipment abroad, using foreign currency from its parent company, **AAFC**, and lease it in local currency (ETB). **Ethio Lease** will offer a wide range of leasing services for multiple sectors such as manufacturing, agriculture, healthcare, energy, food processing (including coffee).



NAME	ETHIO LEASE S.C.	CAPITAL (EST. \$)	13 MILLION
LEGAL FORM	UNDISCLOSED (SHARE COMPANY?)	INCORPORATION	JULY 2019
CEO / GM	MR. GIRUM TSEGAYE	LOCATION	379 Cape Verde Street, Bole SubCity Woreda 03/05, Addis Ababa
LICENSE	FINANCIAL SERVICES LICENSE / LEASING	CONTACT DETAILS	PHONE: +251 116 393 910
INVESTOR(S)	AAFC	WEBSITE	https://ethiolease.com
ORIGIN	USA / OTHERS		