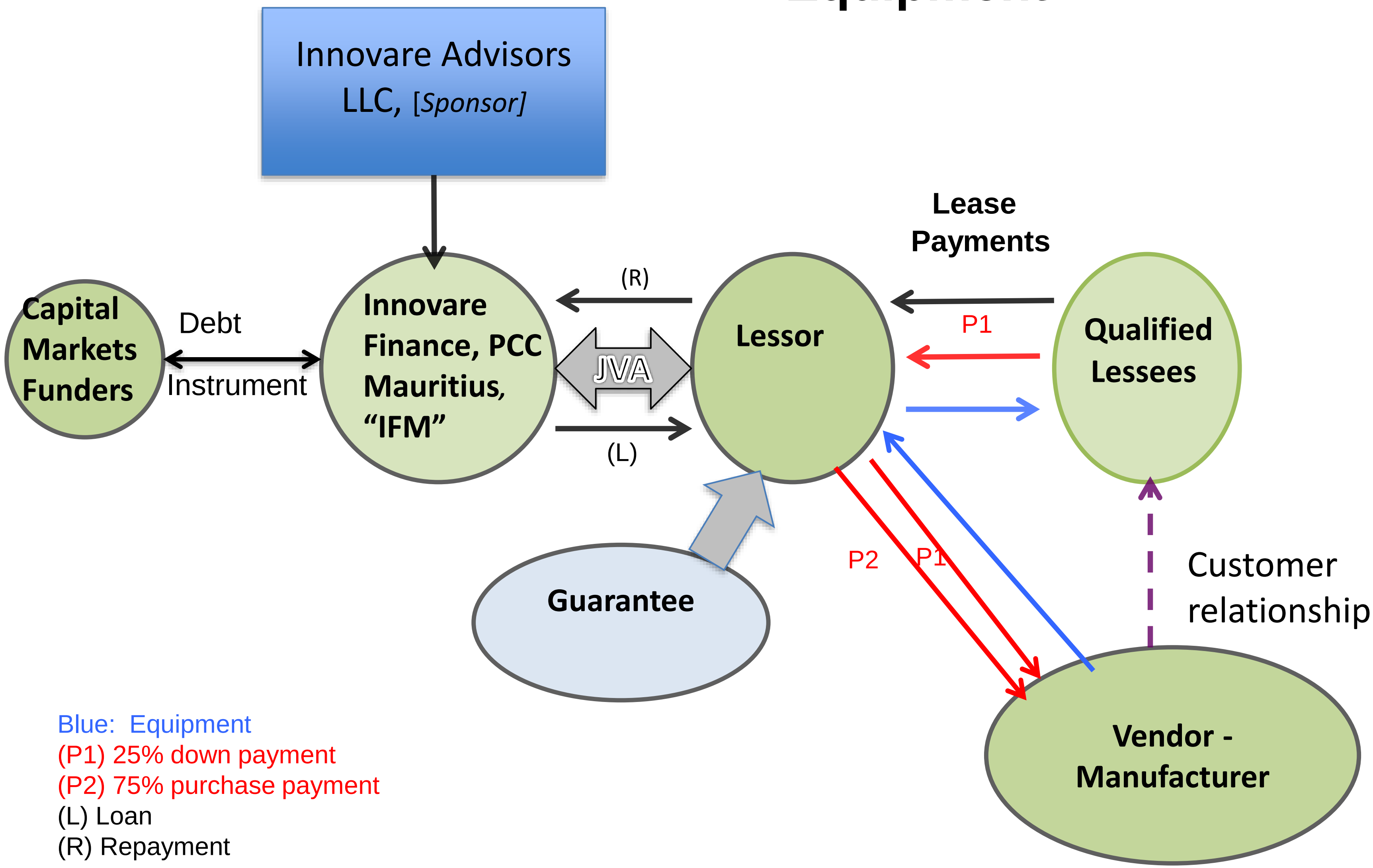
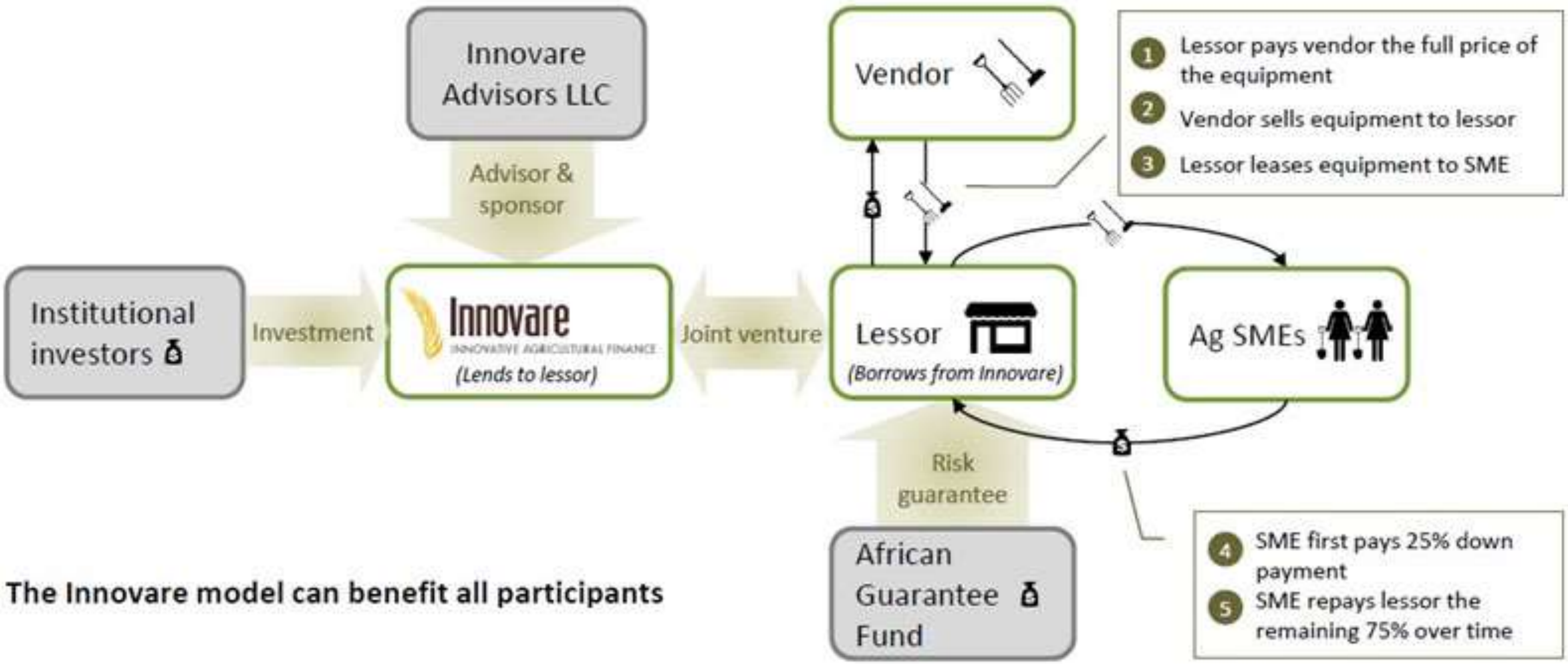
Innovare Leasing Facility: Flows of Funds and Equipment



How the Leasing Facility Works:



Source: Global Development Incubator

Lease Financing Facility Characteristics:

"Lease-to-own Financing" for small and medium sized (SME) agricultural and agro-processing value chain businesses in Africa

- "The Virtuous Circle": All participants share in the risks & rewards
- Capital Markets Funded: New sources of external financing
- Investor "friendly": Attractive, competitive returns (7% & 12%); strong risk mitigation (155-200% + asset backing); Clear, well-defined exits (4 years)
- "Lease-to-own Financing": Revenue generated from new equipment pays leases (3 years); Frees up working capital for inputs
- Replicable & Scalable across multiple geographies & value chains
- Unique Partnership: Whole greater than sum of parts; Global & local expertise combined; African Guarantee Fund support
- Different funding sources cover the entire value chain:

  a. Equipment for SMEs of $20,000+: Funding via capital markets – totally commercial

  b. Equipment for smaller operators, co-ops, Farmer Organizations < $20,000: capital markets plus subsidized funding

Benefits to Equipment Purchasers:

Lessees benefit from financing which has the following attributes compared to regular asset financing from banks:

- No collateral required,
- Reduced up-front payment. Instead of paying 100% of the equipment cost ‘Up Front”, only a 25% down payment is required, so that you can use the 75% balance for other purposes: i.e., working capital for the purchase of raw material inputs,
- Payments are stretched out over 36 months,
- Interest and fees are calculated on the financed amount only,
- Bank borrowing capacity is not affected,
- The application procedure is straightforward with a credit check,
- Interest rate and fees are competitive with bank loans, and
- Local support from an established East African leasing company, including facilitated import procedures.