

LLR delivers on its Go-To-Africa strategy with highly accretive, long-term co-investment in Kenya



LLR to acquire up to 50% equity stake of Orbit Africa Logistics

Orbit Africa Logistics owns a 29 243m² logistics and warehouse facility ("the Orbit facility") situated in a prime position in Nairobi, Kenya and was acquired on a sale-and-leaseback basis in March 2022 for US\$53.6 million

- > The Orbit facility is tenanted by Orbit Products Africa Limited ("OPAL"), the leading manufacturer of personal care and home care products for East Africa with clients including Colgate, Henkel, Reckitt Benckiser and Ecolab
- > The lease is US\$ denominated over a 25-year period and on a triple-net basis
- > Orbit Products Africa has an operating track record of over 40 years in Kenya, employing over 600 people

The co-investment will grow and diversify LLR's portfolio and balance sheet

- > Post the co-investment, 6% of LLR's portfolio will be outside of Botswana
- > The investment will be value accretive in terms of NAV growth and is expected to offer an attractive US\$ initial yield of 7%

Risk associated with LLR's Go-to-Africa strategy has been largely mitigated through strategic partnerships with credible entities who have regional experience

- > The co-investment is done alongside London listed Grit Real Estate Investment Group ("Grit") one of the largest property investors on the continent
- > The International Finance Corporation ("the IFC") (the investment arm of the World Bank) is a debt investor in the Orbit facility to the extent of US\$25 million

The co-investment is complementary to LLR's Botswana-based portfolio of premium industrial warehouse assets

Botswana Stock Exchange listed diversified real estate company, Letlole La Rona Limited ("LLR" or "the Company"), a premier variable rate loan stock company whose existing property portfolio comprises of industrial, retail, residential and commercial office space, today delivered on its "Go-to-Africa" strategy by way of acquiring an initial 30% equity stake into Orbit Africa Logistics for US\$57.2 million. LLR has the option to increase its investment to 50% of Orbit Africa Logistics for a further US\$ 7.6 million.

The co-investment is done alongside a wholly owned subsidiary of London listed Grit Real Estate Investment Group ("Grit") one of the largest property investors on the African continent and includes the International Finance Corporation ("the IFC") (the investment arm of the World Bank) who is a debt investor in the Orbit facility for a total of US\$25 million.

Due to Grit's 30% minority stake in LLR, the co-investment is deemed a related party transaction in terms of Botswana Stock Exchange rules.

"This co-investment is our first regional transaction and delivers on our growth strategy which involves expanding into the African region," commented LLR CEO, Kamogelo Mowaneng.

"Post the transaction, approximately 6% of our portfolio will be outside of Botswana," she said.

"I am very excited by the solid platform it provides for further similar transactions. The transaction will see us earn US dollar revenue from one of the leading and well established manufacturers in Kenya, a country widely regarded as the gateway to East Africa.

"The transaction is strongly value accretive in terms of NAV growth with an expected US\$ initial yield of 7%.

"It will further improve the fundamentals of LLR, considering the 25-year lease term on a triple net basis, which means the tenant is responsible for property taxes, building insurance and maintenance," Mowaneng added.

Orbit Africa Logistics owns a 29 243m² logistics and warehouse facility ("the Orbit facility") situated in a prime position in Nairobi, Kenya and was acquired on a risk-mitigated sale-and-leaseback basis from Orbit Products Africa Limited ("Orbit") in March 2022 for US\$53.6 million.

The premises is located on Mombasa Road, the principal route south of Nairobi center, serving the

main industrial node, the port of Mombasa and the industrial town of Athi river. It is strategically located 11 kilometers south of the international airport and 9.6 kilometers from the Inland Container Depot.

Upgrades to the property as part of phase two of the acquisition is expected to create long lasting positive social, economic and environmental benefits for local communities. The property will additionally benefit from significant improvements to modern FMCG industry standards and achieving IFC EDGE building certification upon completion. This certification requires a 20% or more savings in energy, water and embodied energy in materials compared to conventional building practices.

Orbit has been operating in Kenya for the past 40 years and is one of the oldest and leading manufacturers of personal care and home care products in East Africa, employing over 600 people.

Orbit's primary clients include multi-nationals such as Colgate, Henkel, Reckitt Benckiser and Ecolab among others.

"The board has been very cognizant of the risks of rolling out our 'Go-to-Africa' strategy and intends to form strategic partnerships with credible entities who have regional experience," Mowaneng explained.

Bronwyn Knight, CEO of Grit commented: **"We are pleased today to welcome LLR as co-investor to the Orbit facility, which is expected to deliver enhanced sustainable value to all shareholders, whilst creating long lasting positive social, economic and environmental benefits for local communities.**

"This landmark transaction provides an opportunity for Grit to collaborate further with LLR as one of Grit's preferred investment partners for additional yield-enhancing and impact-driven industrial sector investments, as they continue to roll out their 'Go-to-Africa' strategy."

LLR sees the undersupply of quality industrial sector assets across the African continent as a prevailing opportunity in the short- to medium-term.

Shareholders are expected to vote on the approval of the co-investment on 15 June 2022. Grant Thornton provided an independent expert opinion on the transaction. Ends.

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