

Pan-African real-estate firm and RMB take a lead in propelling Africa's sustainability agenda

Pan-African real-estate firm Lango has proactively appointed RMB to act as sole sustainability advisor and co-ordinator for its first sustainability-linked financing package.



Source: Supplied.

The generation of compelling and sustainable investor returns through the acquisition of prime commercial real-estate assets in key gateway cities across Africa is central to Lango's business model. Lango has recognised that to promote growth and secure the long-term sustainability and longevity of its assets, a sustainability strategy in line with international best practice is required.

Lango owns a diversified and growing portfolio worth more than \$600m comprising prime commercial assets in select African countries, including Ghana, Nigeria, Zambia, and Angola. RMB, which also has a minority shareholding in the business, has acted as a funding partner to Lango since inception and has an aligned interest in enabling Lango's sustainability strategy.

As sustainability advisor, RMB has been instrumental in supporting Lango's establishment of a holistic sustainable finance framework (SFF), which considers both use of proceeds loans (such as green and social loans) and sustainability-linked loans.

In reference to the SFF, RMB as sole sustainability co-ordinator implemented a \$325m sustainability-linked loan (SLL) package jointly funded with Standard Bank - one of the largest sustainability-linked loans implemented to date in Africa.

The development of the SFF is a significant milestone for Lango in its sustainability journey, as it integrates Lango's financial strategy and sustainability goals, along with enhancing the transparency of sustainability reporting.

Says Thomas Reilly, chief executive officer of Lango, "The implementation of a sustainable finance framework not only allows Lango to take a leading role in furthering the sustainability agenda in Africa, but also allows Lango the opportunity to credibly tap the impact-related financial markets internationally in order to secure additional growth capital.

"The framework tangibly demonstrates our commitment to sustainability, not only to our stakeholders, but also to the various communities across the continent in which we operate. We have worked together with RMB to develop a SFF that enables Lango to repeatedly access the sustainable finance market in an efficient manner, thereby facilitating further growth, value creation and the positive impact of the business."

Driving sustainable transformation

In establishing the SFF, RMB worked with Lango's senior management to identify the key performance indicators (KPIs) that will catalyse Lango's decarbonisation and overall sustainability ambitions.

These KPIs include increasing the use of renewable energy sources, ensuring buildings are green certified, and improving Lango's gender diversity. The renewable energy that is expected to be installed over the period of the sustainability linked loan is anticipated to equate to the power requirement for approximately 2,437 homes. Lango will also aim to achieve 20% improvements in energy, water, and embodied energy in materials in most of their buildings by 2025.



RMB now operating from New York

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The real-estate sector has a significant environmental footprint in terms of energy consumption, greenhouse gas emissions, and waste generation. In support of the United Nations Sustainable Development Goals, it has become important for funders internationally to financially incentivise real-estate developers and investors to prioritise environmentally friendly practices such as renewable energy adoption and sustainable construction practices. Not only can this help to mitigate climate change, but it also enhances the long-term value and marketability of real estate assets.

"Lango has cemented its commitment to achieving ambitious sustainability goals, with the aim of ensuring all their assets are managed through the lens of corporate responsibility, accountability, and sustainability.

"With a growing sustainability agenda in Africa, Lango's commitment and utilisation of sustainable finance as a leading African real-estate organisation will prove transformative for the sector, while ensuring a meaningful contribution to the continent's sustainability goals," says Reinhard Winsauer, head of RMB's broader Africa Real Estate Investment Banking division.

"The close relationship we have developed with Lango over time enabled us to deliver a bespoke transaction that meets Lango's ongoing financing needs and strategic imperatives, while also supporting our commitment to reduce financed emissions and achieve net zero financed emissions by 2050.

In addition, this funding package is a substantial contribution to RMB's commitment to facilitate over R200bn in sustainable finance," he concludes.

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