

Grindrod, Pembani form new rail-leasing company

Freight and logistics company Grindrod's subsidiary, Grindrod Freight Services (GFS), has teamed up with the Pembani Remgro Infrastructure Fund (PRIF) to form a leasing joint venture.



New locomotives being assembled at RRL Grindrod's Pretoria manufacturing facility.
Image: RRL Grindrod

The venture aims to provide innovative and cost-effective leasing solutions to the African rail industry.

The new company - GPR Leasing Africa Limited (GPR Leasing) will be based in Mauritius and will be 55% owned by GFS and 45% by PRIF.

GFS's chief executive Dave Rennie said the new joint venture will be instrumental in providing funding options for customers looking to buy or operate wagons and locomotives manufactured or refurbished by Grindrod.

"GPR Leasing has already got orders for 31 locomotives, all of which have either been newly built or refurbished by Grindrod," the company said in a statement.

Grindrod's rail customers, which include mining companies, state railways and private rail operators, can access operating lease solutions through GPR.

"Rolling stock leasing is a cost-effective option and opens doors to new opportunities throughout Africa for customers looking to keep debt off their balance sheets," the company said.

Africa's opportunities

Herc van Wyk, chief executive of PRIF, said: "We have been able to leverage the strong relationships of the stakeholders to

access competitive funding. This translates to competitive lease rates for competitively priced locomotives. It's an exciting proposition.

"This transaction represents an integral part of PRIF's strategy to be the infrastructure fund of choice for private companies looking for a partner with whom to invest in opportunities that have arisen as a result of Africa's fast economic growth," Van Wyk said.

Grindrod Rail has a presence in several African countries through its joint ventures and investments.

Rand Merchant Bank has been appointed as the lead arranger and funder of the debt package in support of GPR Leasing's activities.

In the world's developed rail markets, up to 60% of rolling stock is leased. GPR Leasing aims to replicate this on the African continent via this joint venture, as well as a similar entity targeting the local South African leasing market.

The Pembani Remgro Infrastructure Fund was established last year as a partnership between Phuthuma Nhleko and Remgro. The fund seeks to invest equity in infrastructure and related opportunities across Africa.

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