



INVESTMENT TEASER: KORARA HIGHLANDS TEA FACTORY

A strategic overview of Korara Highlands Tea Factory's investment potential, highlighting sustainable practices, community impact, and growth opportunities in the specialty tea market.

EMPOWERING LOCAL FARMERS THROUGH INNOVATION AND SUSTAINABILITY



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Founded in 2014 by Mr. Titus Kigen, Korara Highlands Tea Factory Limited is dedicated to uplifting small-scale tea farmers in Kenya's Kericho region. Through job creation and a strong commitment to community development, the factory has become a leader in the tea industry, driving economic growth while adhering to sustainable practices.



TOP-TIER TEA PRODUCER

Korara Highlands Tea Factory Limited processes 432,000 kg of black tea monthly, converting 100,000 kg of green leaf into 22,500 kg of premium tea daily. This efficient operation positions it as a top-tier tea producer in Kenya.

EMPOWERING SMALLHOLDER FARMERS

The factory is committed to sustainable practices and has partnered with 50,000 smallholder farmers, enhancing community development and economic growth in the Kericho region.

CERTIFICATIONS AND QUALITY STANDARDS

Korara holds prestigious certifications, including ISO 9001:2015 and Rainforest Alliance, signifying its commitment to quality and sustainable practices within the tea industry.



COMPANY OVERVIEW AND HISTORY

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WORKFORCE AND EMPLOYMENT

Korara Highlands Tea Factory employs a permanent workforce of 80 employees, supplemented by double that number in temporary staff, ensuring operational flexibility in production. The factory's strategic manpower allocation supports its capacity to process significant volumes of tea efficiently.

EXPORT MARKETS AND SPECIALTY TEA GROWTH

Exporting 95% of its production, Korara targets key international markets such as Pakistan, Egypt, and the UK. The focus on expanding specialty tea exports, currently at 5% of total production, indicates a proactive approach to capturing higher-value segments in the tea industry.

TARGETING FULL GREEN CERTIFICATION BY 2025

Korara Highlands Tea Factory Limited is committed to achieving full green certification by 2025. This initiative is part of the company's broader strategy to enhance sustainability and environmental responsibility in its operations.

EXPANDING INTO SPECIALTY TEAS

In addition to traditional tea production, Korara is expanding its product line to include high-margin specialty teas such as organic, flavored, and herbal varieties. This diversification aims to meet the growing demand for premium tea products in global markets.



SUSTAINABLE PRACTICES AND CERTIFICATIONS

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INVESTMENT HIGHLIGHTS AND GROWTH OPPORTUNITIES



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432,000 kg of black tea each month, generating Potential monthly sales of USD 1million. 15% market share in Kenya's premium tea segment by 2026, Launching an e-commerce platform to increase sales margins.



OPERATIONAL EFFICIENCY AND CASH FLOW MANAGEMENT AT KORARA HIGHLANDS TEA FACTORY

Highlighting key practices that enhance productivity and ensure financial stability.

2014

Korara Highlands Tea Factory established efficient operational frameworks to support small-scale farmers and ensure quick processing.

2023

The factory achieves a 4-week turnaround from green leaf harvest to receivable receipt, ensuring rapid cash flow and liquidity management.

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Adopts an auction payment system providing timely payments to stakeholders, enhancing trust and financial security.

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SECURED REVENUES FOR INVESTORS

The SPV structure guarantees that investors receive secure revenues while the factory benefits from net proceeds, enhancing financial stability for both parties.



INCREASED FARMER INCOME

By implementing the SPV, farmers can earn KES 22/kg, which represents a 47% increase in their income. This advancement significantly reduces their reliance on brokers and boosts their economic stability.



ALLEViating BROKER DEPENDENCY

The SPV enables quicker payment to farmers, alleviating issues with broker exploitation and promoting direct earnings from tea production, thereby enhancing livelihoods.



KEY BENEFITS OF THE SPV STRUCTURE

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STRONG PROJECTED EBITDA GROWTH

Projected EBITDA of KES 2.2 billion by Year 5 indicates robust financial health, driven primarily by the introduction of new value-added products, which are anticipated to account for 40% of total sales by 2026. This growth trajectory underscores the factory's commitment to innovation and market expansion.



ATTRACTIVE PRIVATE EQUITY OPPORTUNITY

The investment opportunity presents a chance for private equity investors to secure a 49% stake in the Phase 2 development of Korara Highlands Tea Factory.

An investment of \$6 million will facilitate the scaling of operations, boosting capacity, and enhancing market presence, making it an attractive proposition for growth-oriented investors.



INVESTMENT REQUEST FOR KORARA HIGHLANDS TEA FACTORY

Korara Highlands Tea Factory is seeking , \$2 million in debt for Phase 1 to facilitate restructuring and capacity enhancement. Additionally, \$6 million in equity is required for Phase 2, aimed at expanding market reach and upgrading technology.





SIGNIFICANT CONTRIBUTION TO GDP

Kenya's tea sector accounts for 4% of the national GDP, highlighting its significance in the economy. The growing global demand for premium and organic teas is a key driver for investment opportunities in this sector.



PROVEN BUSINESS MODEL

Korara's proven business model combines sustainable practices with community empowerment. Strong partnerships with 50,000 smallholder farmers enhance supply chain resilience and product quality.



MITIGATED RISKS THROUGH INNOVATION

Climate resilience programs and a Special Purpose Vehicle (SPV) structure minimize risks associated with environmental challenges. This innovative financing approach ensures timely payments to farmers and strengthens their livelihoods.



COMPELLING REASONS TO INVEST

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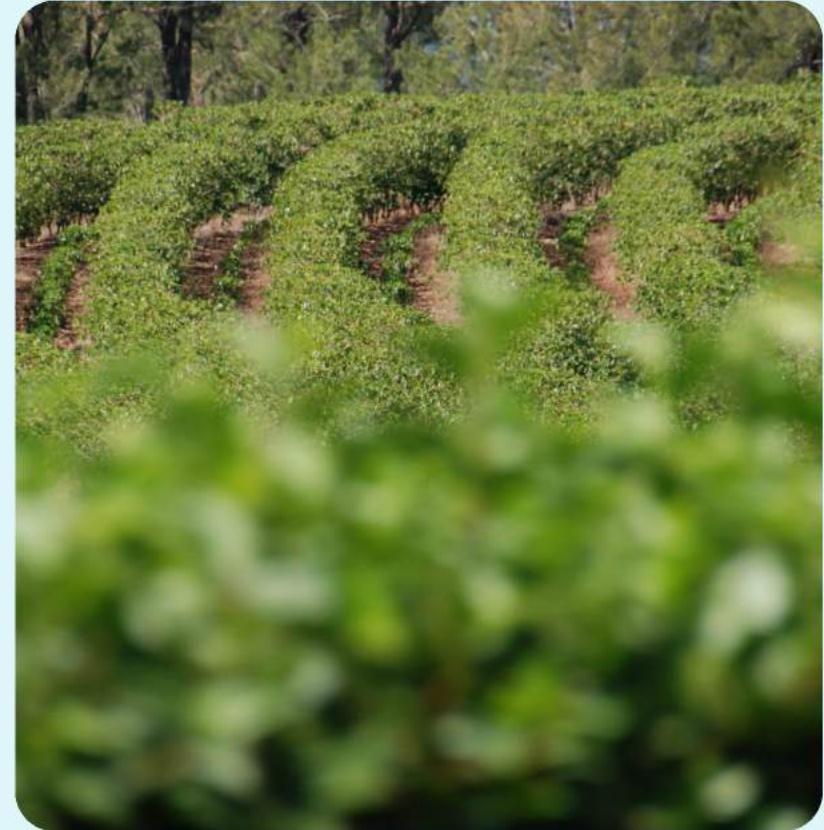
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