

RGS Construction Lesotho

Halso Strategic Partnership Business Plan

R5,000,000 for 20% Equity – 90,000 ECO Homes + 20-Year
Exclusive Gas Supply

Prepared by: RGS Construction Lesotho Team
Financial Director: Mr Zwelihle Mathe (DJ Zwesta SA)

February 2026



Executive Summary

RGS Construction Lesotho invites Halso to acquire a **20% equity stake** (R5,000,000) in exchange for exclusive 20-year LPG supply rights to the 90,000-home Lesotho ECO Homes programme. Funds will settle BCG mobilisation fees (GBP 100,000) and initial project setup. BCG provides \$250 million construction finance.

Halso gas operations projected to generate **USD 460 million nominal revenue** and **USD 103.5 million post-tax profit** over 20 years (4% inflation). RGS housing delivers **USD 7.46 billion revenue** and **USD 460 million net profit**.

This project addresses Lesotho's housing shortage (backlog 200,000 units) through sustainable modular homes. Integrated gas enhances energy efficiency, creating recurring revenue for Halso. Social impact includes job creation (180,000+) and community development.

Contents

1	Partnership Acceptance Letter	3
2	Project Overview – Lesotho Only	4
3	Per-house costing and profitability	5
3.1	Assumptions – per unit	5
3.2	Detailed cost breakdown (per house) – baseline (USD)	5
3.3	Profitability sensitivity (per-unit)	5
4	House Building Schedule – First 5 Years (2026–2030)	6
5	Planned PPE Schedule	7

6	5-Year Financials – Lesotho Pilot (USD)	8
6.1	Income Statement	8
6.2	Balance Sheet (End of Year)	8
6.3	Cash Flow (Pro Forma)	8
6.4	Financial Ratios and Notes	8
7	Halso Gas Revenue Model	10
7.1	Per-Home Assumptions (Year 1)	10
8	20-Year Halso Gas P&L – Summary Table	11
9	Next Steps	12
10	Full Rollout Financials — 90,000 Homes, Loan Repayment & Investor Returns	14
10.1	Key assumptions and notes	14
10.2	Rollout schedule (illustrative)	14
10.3	Housing revenue and profit — full rollout summary	15
10.4	BCG loan amortisation and visualisations	15
10.5	Project cashflow and investor returns — illustrative summary	16

1 Partnership Acceptance Letter

Official Acceptance – Equity Partnership Offer Date: February 2026 | Office: Office 8, Kingsway Road, Maseru, Lesotho 100

Prepared for: Halso

Prepared by: RGS Construction Lesotho (Pty) Ltd

Re: Lesotho Housing Project

We accept the Equity Buy-In: R5,000,000 for 20% stake.

Use of Funds:

- GBP 100,000 to BCG (mobilisation)
- Remainder for setup (operational expenses, equipment and initial working capital)

Investment conditions (summary):

1. Halso provides proof of funds (PoF) for R5,000,000 or an acceptable bank comfort letter to RGS and its legal counsel.
2. On satisfactory PoF verification, RGS's legal team will schedule a meeting to finalise the MoU and the definitive agreements.
3. After both parties sign the MoU/contracts, Halso will transfer the investment funds into the designated Fidelity escrow account managed by HASS Law & Associates (escrow trustee).
4. RGS will initiate registration of Halso's 20% equity stake with the relevant corporate registrar; registration documents are lodged while funds remain in escrow.
5. Once equity registration is confirmed, HASS Law & Associates will release escrow funds to the RGS business account per agreed transfer instructions.

This sequence protects both investors and the project; full details and wording are available in the legal appendix and the original RGS business profile.

Kind regards,

Gustav Edward Serfontein

Director, RGS Construction Lesotho (Pty) Ltd

2 Project Overview – Lesotho Only

All development activity and the 90,000-home programme are Lesotho-focused.

Key project numbers

- Total homes (target): 90,000 (national rollout over 10–15 years)
- Halso equity requested: R5,000,000 for 20%
- Expected Halso 20-year gas revenue (nominal, 4% inflation): USD 460,000,000
- Expected Halso 20-year post-tax profit (25% tax rate): USD 103,500,000

3 Per-house costing and profitability

3.1 Assumptions – per unit

- Base selling price (average): USD 31,000 per unit
- Construction lead time: 7–14 days per unit (modular system)
- Inflation on materials and services: 4% p.a. baseline
- Gas hardware per home: USD 180
- Warranty / 2-year service provisioning per home: USD 120

3.2 Detailed cost breakdown (per house) – baseline (USD)

Cost item	Amount (USD)
Materials (panels, frame, finishes)	18,000
Factory labour (assembly)	4,200
On-site delivery	1,200
Installation (team, crane, finish)	1,400
Gas hardware	180
Service / warranty allocation (2-year)	120
Indirects / project overhead (allocated)	1,200
Contingency (5%)	1,000
Total estimated cost per unit	27,300
List / market price per unit	31,000
Gross margin per unit	3,700
Gross margin %	11.9%

3.3 Profitability sensitivity (per-unit)

Scenario	Cost per unit	Price	Gross profit
Baseline	27,300	31,000	3,700
Material -10%	25,500	31,000	5,500
Price +5%	27,300	32,550	5,250
High inflation +2%	27,846	31,000	3,154

4 House Building Schedule – First 5 Years (2026–2030)

oprule Year	Homes Built	Cumulative Homes
2026	2,000	2,000
2027	1,500	3,500
2028	2,000	5,500
2029	1,500	7,000
2030	2,000	9,000

5 Planned PPE Schedule

Item	Qty	Unit Cost (USD)	Total (USD)
Manufacturing modular lines (mobile)	2	2,000,000	4,000,000
Site crantage / lifting gear	4	50,000	200,000
Delivery trucks (flatbed)	10	60,000	600,000
Cylinder refill units / small-scale plant	3	400,000	1,200,000
Site offices and accommodation (modular)	6	30,000	180,000
Tools, PPE (worker safety)	1,000	150	150,000
Installation tooling and handsets (gas)	200	500	100,000
IT / ERP deployment	1	150,000	150,000
Total initial PPE			6,580,000

6 5-Year Financials – Lesotho Pilot (USD)

6.1 Income Statement

Item	2026	2027	2028	2029	2030
Revenue	31,145,000	62,410,000	93,795,000	63,010,000	32,105,000
COGS	23,184,000	44,316,000	66,122,000	44,501,000	22,889,000
Gross Profit	7,961,000	18,094,000	27,673,000	18,509,000	9,216,000
OpEx	200,000	220,000	242,000	266,000	293,000
EBITDA	7,761,000	17,874,000	27,431,000	18,243,000	8,923,000
Interest	1,389,000	1,389,000	4,167,000	8,333,000	11,111,000
Pre-Tax	6,372,000	16,485,000	23,264,000	9,910,000	-2,188,000
Tax (25%)	1,593,000	4,121,000	5,816,000	2,478,000	0
Post-Tax	4,779,000	12,364,000	17,448,000	7,432,000	-2,188,000

6.2 Balance Sheet (End of Year)

Item	2026	2027	2028	2029	2030
Cash	30,724,000	97,584,000	198,169,000	254,735,000	273,425,000
Other Current Assets	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Long-term Assets (cum. capex)	5,000,000	10,000,000	15,000,000	20,000,000	25,000,000
Total Assets	36,724,000	108,584,000	214,169,000	275,735,000	299,425,000
Long-term Debt	27,778,000	83,333,000	166,667,000	222,222,000	250,000,000
Contributed Equity (Halso)	310,000	310,000	310,000	310,000	310,000
Retained Earnings	8,636,000	24,941,000	47,192,000	53,203,000	49,115,000
Total Equity	8,946,000	25,251,000	47,502,000	53,513,000	49,425,000
Total Liabilities & Equity	36,724,000	108,584,000	214,169,000	275,735,000	299,425,000

6.3 Cash Flow (Pro Forma)

Item	2026	2027	2028	2029	2030
Ops Cash	31,145,000	62,410,000	93,795,000	63,010,000	32,105,000
VAT Received	4,671,750	9,361,500	14,069,250	9,451,500	4,815,750
Drawdowns	27,777,778	55,555,556	83,333,333	55,555,556	27,777,778
Investment Received	310,244	0	0	0	0
Subtotal Received	63,904,772	127,327,056	191,197,583	128,017,056	64,698,528
Cash Spending	200,000	220,000	242,000	266,200	292,820
Bill Payments	23,183,800	44,316,000	66,122,000	44,500,800	22,889,280
Capex	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Tax Paid	0	2,862,111	4,127,278	5,636,083	2,237,417
Interest Paid	1,388,889	1,388,889	4,166,667	8,333,333	11,111,111
Dividends	0	0	1,000,000	1,000,000	1,000,000
Subtotal Spent	33,180,389	60,467,400	90,612,545	71,451,466	46,007,843
Net Cash Flow	30,724,383	66,859,656	100,585,038	56,565,590	18,690,685
Ending Cash	30,724,383	97,584,039	198,169,077	254,734,667	273,425,352

6.4 Financial Ratios and Notes

- Current Ratio (2026 example): 1.4x

- Debt-to-Equity (peak): 1.8x
- EBITDA Margin: 27%–30%
- Return on Equity (long-run target): >15%

Notes: Ratios calculated on consolidated project SPV figures. Tax, FX and interest-rate sensitivities available in Excel/CSV files.

7 Halso Gas Revenue Model

7.1 Per-Home Assumptions (Year 1)

- Net revenue per home per year: USD 240
- Annual escalation: 4%
- COGS: 60% of revenue
- OpEx: 10% of revenue
- Tax: 25%

Year 1 per home (USD):	Revenue	240
	COGS (60%)	144
	Gross profit	96
	OpEx (10%)	24
	Pre-tax	72
	Tax (25%)	18
	Post-tax contribution	54

8 20-Year Halso Gas P&L – Summary Table

Year	Revenue per home	Total Revenue	Post-tax Profit
2026	240	21.6M	4.86M
2027	249.6	22.5M	5.06M
2030	280.8	25.3M	5.71M
2035	342	30.8M	6.93M
2045	506	45.6M	10.3M
20-year total	–	460M	103.5M

(Full year-by-year table available in appendix / Excel model)

9 Next Steps

Immediate next actions

1. Halso to provide proof of funds (PoF) for R5,000,000 or bank comfort letter
2. RGS legal confirms PoF and schedules MoU / definitive agreements meeting
3. Parties sign MoU and contracts, Halso deposits funds into Fidelity escrow (HASS Law & Associates)
4. RGS registers Halso's 20% equity with corporate registrar
5. Upon registration confirmation escrow funds released to RGS account
6. Parallel: finalise gas commercial terms (pricing, refill cadence, installation responsibilities)

Appendix

- Detailed 20-year gas and housing financial model (Excel/CSV)
- RGS Construction business profile 2021 (PDF)
- Supplier lists, historical unit costs, bank engagement summaries



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10 Full Rollout Financials — 90,000 Homes, Loan Repayment & Investor Returns

The tables and summaries below extend the pilot financials to the full 90,000-home programme and show an illustrative repayment schedule for the BCG construction loan and the implied returns to Halso as a 20% equity holder. Where numbers were not explicitly specified in the original document we make reasonable, explicit assumptions (listed below) so the model is transparent and reproducible.

10.1 Key assumptions and notes

- Rollout period (assumption): 12 years (2026–2037). This is an operational assumption; the plan's text refers to 10–15 years — the 12-year schedule below is illustrative and can be switched to any alternative schedule in the spreadsheet model.
- Homes total: 90,000 (target)
- Homes built per year (equal ramp for clarity): 7,500 homes/year (90,000 / 12)
- List / market price per unit: USD 31,000 (as used in per-unit section)
- Total cost per unit (COGS): USD 27,300
- Gross margin per unit: USD 3,700
- Tax rate on SPV profits: 25%
- BCG construction loan: USD 250,000,000 (principal per Executive Summary)
- BCG loan interest (assumption): 6% p.a., amortising over 15 years with equal annual payments (typical project finance structure; exact facility terms to be taken from the loan agreement)
- Halso equity: 20% for R5,000,000 (documented). Equity stake entitles Halso to 20% of distributable post-tax profits from the housing SPV. Halso's separate gas business financials are presented below and are assumed to remain with Halso (not part of the housing SPV distributable profits unless otherwise agreed).
- Gas revenue (20-year summary): use the document's nominal totals (USD 460M revenue / USD 103.5M post-tax profit) as the gas business projection over 20 years.

10.2 Rollout schedule (illustrative)

oprule Year	Opening Balance (USD)	Interest (USD)	Closing Balance (USD)
2026	7,500	7,500	
2027	7,500	15,000	
2028	7,500	22,500	
2029	7,500	30,000	
2030	7,500	37,500	
2031	7,500	45,000	
2032	7,500	52,500	
2033	7,500	60,000	
2034	7,500	67,500	
2035	7,500	75,000	
2036	7,500	82,500	
2037	7,500	90,000	

10.3 Housing revenue and profit — full rollout summary

Using the per-unit figures from the cost section (USD 31,000 price; USD 27,300 cost):

- Total revenue (90,000 homes): $90,000 \times 31,000 = \text{USD } 2,790,000,000$
- Total COGS (90,000 homes): $90,000 \times 27,300 = \text{USD } 2,457,000,000$
- Total gross profit (90,000 homes): **USD 333,000,000**
- If we treat this gross profit as a proxy for pre-tax project profit (for illustration) and apply 25% tax, post-tax contribution = $333,000,000 \times (1 - 0.25) = \text{USD } 249,750,000$
- Halso (20% equity) share of housing SPV post-tax profits (illustrative, no preferred returns or other waterfall): $0.20 \times 249,750,000 = \text{USD } 49,950,000$

Note: the Executive Summary in the document references a larger housing revenue figure (USD 7.46B) that is inconsistent with the per-unit price and 90,000-unit total used here. The figures above strictly follow the per-unit numbers presented in the Per-house costing section (USD 31,000 list price). Use the Excel model to reconcile alternative scenarios and sensitivities.

10.4 BCG loan amortisation and visualisations

Loan parameters (assumed for the illustrative model): principal USD 250,000,000; interest 6% If you re-run the Python model with different `params.json` settings, the charts will update automatically on the next compile (ensure `financial_model/*.csv` are present relative to your LaTeX working directory). Below we include three charts generated by `pgfplots` that read the CSV outputs produced by the model: annual housing revenue, loan closing balance over time, and Halso gas post-tax profit by year. If you re-run the Python model with different `params.json` settings, the charts will update automatically on the next compile (ensure `financial_model/*.csv` are present relative to your LaTeX working directory).

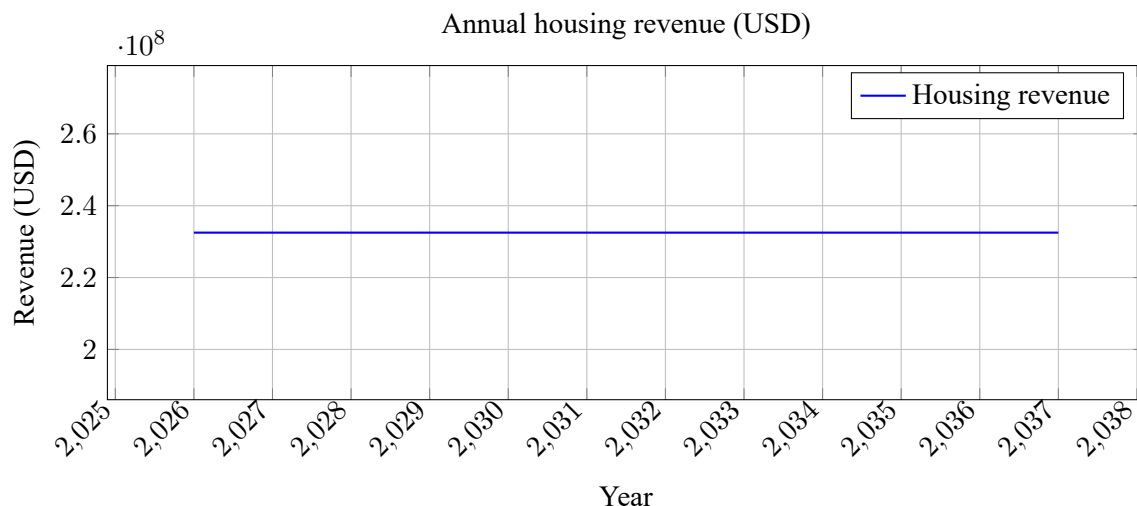


Figure 1: Modelled annual housing revenue (from `financial_model/housing_years.csv`).



Housing



Finance



Gas operations

The charts above are dynamic when the CSVs are updated. Keep `financial_model/*.csv` next to your LaTeX root so `pgfplots` can load them at compile time.

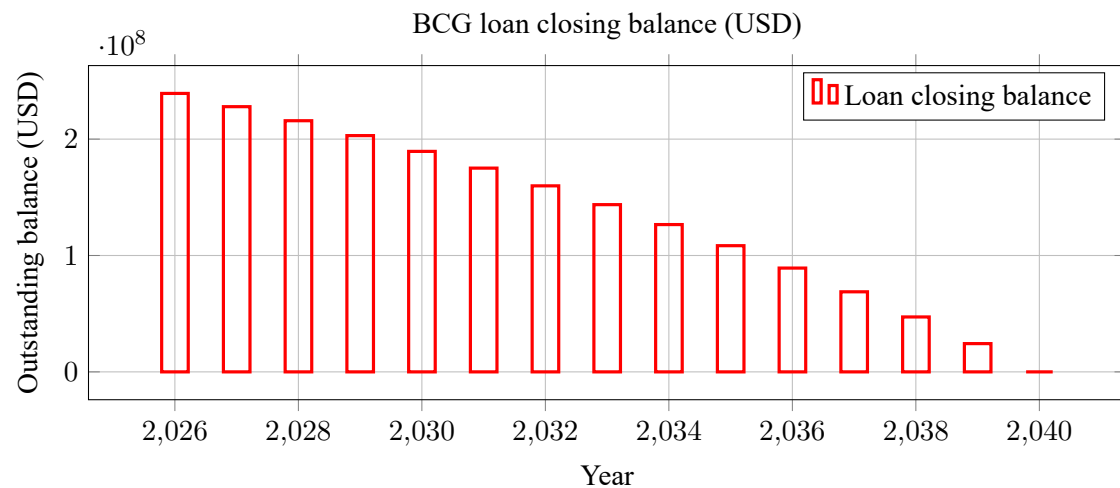


Figure 2: Loan amortisation schedule (closing balance) from `financial_model/loan_schedule.csv`.

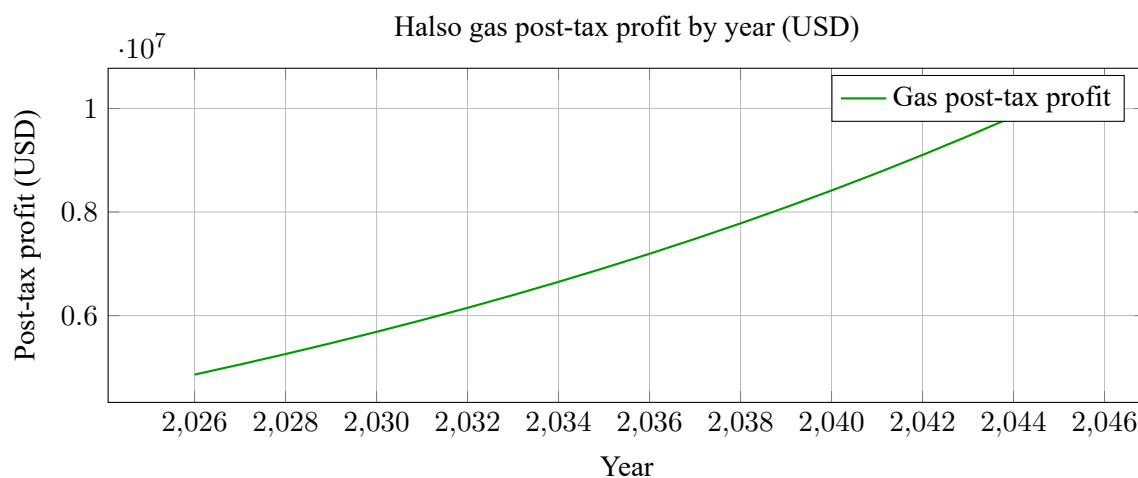


Figure 3: Annual Halso gas business post-tax profit (from `financial_model/gas_years.csv`).

10.5 Project cashflow and investor returns — illustrative summary

- Total housing project post-tax distributable cash (illustrative, from per-unit calculation above): USD 249,750,000
- Halso (20%) share of distributable housing cash: USD 49,950,000
- Halso gas business post-tax profit (document summary over 20 years): USD **103,500,000**
- Combined Halso nominal cash benefit in the illustrative scenario: 49,950,000 (equity in housing SPV) + 103,500,000 (gas post-tax over 20 years) = USD **153,450,000**

These numbers are illustrative and conservative relative to alternative assumptions (for example: if the larger document figure USD 7.46B housing revenue and USD 460M net profit are used, Halso's 20% share would be materially larger). The recommended next step is to implement a full-year-by-year cashflow model in Excel/CSV that:

1. Uses a chosen rollout schedule (user-selectable: 10/12/15 years)
2. Builds year-by-year revenue, COGS, OpEx, interest and tax calculations
3. Implements the exact BCG drawdown timing and loan amortisation

4. Produces waterfall outputs: project-level EBITDA, pre-tax profit, tax, post-tax distributable cash, and equity distributions (preferred returns, if any, then pro rata equity splits)
5. Separately models the Halso gas business cashflows and the combined consolidated benefit to Halso (equity returns + gas operations)

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