

itleLesotho ECO Homes – Partnership Proposal and Financial Package

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## Executive Summary

RGS Construction Lesotho invites Halso to proceed with the Equity Partnership Buy-In option: a R\$5,000,000 investment for a 20% equity stake in the Lesotho Housing Project (Lesotho ECO Homes). The funds will settle mobilization fees with Broughton Capital Group (BCG) and provide initial working capital, enabling a phased rollout to deliver up to 90,000 ECO Homes across Lesotho over the next decade.

Key uses of Halso's equity:

- GBP 80,000 (equivalent in Rand/USD) to settle BCG mobilization/underwriting fees per invoice dated 06/01/2023.
- Balance to project setup: site mobilisation, equipment, initial staffing and working capital aligned with the financial plan (baseline startup cost guidance in prior plans: \$556,800 equivalent).

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## 1 Partnership acceptance and next steps

RGS confirms acceptance of Halso's Equity Partnership Buy-In option: R5,000,000 for 20% equity. To progress to execution we propose the following immediate steps:

1. Receive funds by end-February 2026; immediate payment of BCG mobilization amount and initial setup disbursements.
2. March–May 2026: finalize MoU and equity agreement, appoint legal advisors, conduct due diligence, and schedule BCG site visits in Lesotho.
3. June 2026 onwards: phased construction and rollout beginning with pilot clusters, ramping as per the project timeline.

## 2 Investment deck (slide-ready content)

Below are slide summaries suitable for direct insertion into a PPTX for investor meetings.

### Slide 1: Title

RGS Construction Lesotho (Pty) Ltd — Lesotho ECO Homes: Strategic Equity Investment Opportunity for Halso. Prepared by: Mr Zwelihle Mathe, Finance Director. Date: February 2026.

### Slide 2: The Problem

Severe housing shortage in Lesotho and the region. Rapid urbanisation, high youth unemployment and climate vulnerabilities increase demand for resilient, affordable homes.

### Slide 3: Our Solution

Modular, rapid-build ECO homes (7–10 days), solar-enabled, water-efficient and gas-ready. Community planning includes schools, shops and local employment.

### Slide 4: Market Opportunity

A 90,000-home pipeline in Lesotho with supportive public policy and financing from BCG. High social impact and scalable repeatability.

### Slide 5: Business Model

Revenue: home sales, infrastructure services, and (for Halso) exclusive gas supply. Phased approach mitigates execution risk.

### Slide 6: Traction and Partnerships

Secured land for initial 11,000+ sites and partnerships with development lenders and local stakeholders.

### Slide 7: Impact of BCG \$250m Loan

- Approx. 90,000 homes over 10 years (Lesotho pipeline).
- Jobs: 180,000+ (direct + indirect over the build phase).
- Socio-economic uplift and resilient community infrastructure.

**Slide 8: Benefits to Halso**

20% equity for R5,000,000, plus exclusive 20-year gas supply across the pipeline. Standalone gas PL demonstrates high predictability and long-term after-tax cash flow.

**Slide 9: Team**

Project sponsor and finance: Mr Zwelihle Mathe (Finance Director). Operational leadership and local management teams to be appointed.

**Slide 10: Ask and Next Steps**

Confirm investment, finalize MoU, commence due diligence and schedule the integration/installation plan with Halso.

### 3 Project timeline (Lesotho, high level)

- Feb 2026: Receipt of Halso equity and BCG mobilization fee settlement.
- Mar–May 2026: MoU, due diligence, legal and governance setup, BCG site visits.
- Jun–Dec 2026: Phase 1 pilot construction and commissioning (target 2,000 units for initial Lesotho clusters).
- 2027–2035: Phased scale to reach 90,000 homes (per 10-year plan).
- 2036 onwards: steady-state operations; Halso exclusive supply fully operational and cash-generating.

### 4 Five-year summary (pro forma highlights) – Lesotho pilot baseline

Key 5-year P&L highlights (USD, nominal, illustrative):

oprule Year	2026	2027	2028	2029	2030
Units (delivered, year)	2,000	4,000	6,000	8,000	10,000
Housing Revenue	62,050,000	124,100,000	186,150,000	248,200,000	310,250,000
Gross Profit	18,615,000	37,230,000	55,845,000	74,460,000	93,075,000
Operating Expenses	2,500,000	2,750,000	3,025,000	3,327,500	3,660,250
Interest Expense	6,250,000	18,750,000	31,250,000	43,750,000	56,250,000
Net Income (approx)	7,388,000	12,891,000	19,559,000	27,460,000	36,666,000

These illustrative figures are derived from the larger 20-year projection (see Appendix) and are intended for investor-level discussion; detailed line-by-line statements are provided in the appendices.

### 5 Selected pro forma balance sheet and cash flow excerpts

oprule Item	2026	2027	2028	2029	2030
Cash	30,724,000	97,584,000	198,169,000	254,735,000	273,425,000
Long-term Assets (cum. capex)	5,000,000	10,000,000	15,000,000	20,000,000	25,000,000
Long-term Debt	27,778,000	83,333,000	166,667,000	222,222,000	250,000,000
Total Equity	8,946,000	25,251,000	47,502,000	53,513,000	49,425,000

### 6 Halso Gas Operations – Summary and 20-year highlights

This section isolates Halso’s standalone gas PL (exclusive 20-year supply across the Lesotho pipeline). Key assumption: initial revenue per home \$240 in 2026, inflation 4% p.a., COGS 60%, OpEx 10%, tax 25%.

Summary steady-state (2035+): annual gross revenue per 90,000 homes \$21.6m, pre-tax profit \$6.48m, post-tax \$4.86m. Nominal 20-year totals (inflation applied): revenue \$460m, post-tax net profit \$103.5m.

Appendix A: Halso 20-year Pro Forma P&L (nominal, inflation-adjusted)

The full 20-year Halso PL is provided below. This is the canonical model for the gas utility stream. Figures are nominal USD and rounded. (Verbatim CSV is provided for machine-readability.)

Year	Cumulative_Homes	Revenue_per_Home	Total_Gas_Revenue	COGS_60pct	PreTax_Net_Profit	Tax_25pct
2026	2000	240	480000	288000	144000	36000
2027	6000	250	1498000	898800	449400	112350
2028	12000	260	3117000	1870200	935100	233775
2029	20000	270	5408000	3244800	1622400	405600
2030	30000	281	8438000	5062800	2537400	634350
2031	42000	292	12280000	7368000	3684000	921000
2032	56000	304	17015000	10209000	5104500	1276125
2033	68000	316	21506000	12903600	6451800	1612950
2034	78000	329	25662000	15397200	7698600	1924650
2035	90000	342	30795000	18477000	9243000	2310750
2036	90000	356	32027000	19216200	9605400	2401350
2037	90000	370	33308000	19984800	9999600	2499900
2038	90000	385	34640000	20784000	10390400	2597600
2039	90000	400	36026000	21615600	10807800	2701950
2040	90000	416	37467000	22480200	11240100	2810025
2041	90000	433	38966000	23379600	11689800	2922450
2042	90000	450	40525000	24315000	12157500	3039375
2043	90000	468	42146000	25287600	12643800	3160950
2044	90000	487	43832000	26299200	13149600	3287400
2045	90000	506	45585000	27351000	13675500	3418875

Appendix B: RGS Housing PL Summary (20-year totals)

High-level 20-year summary for RGS housing development (90,000 homes, nominal USD, rounded):

oprule Measure	20-year Total (USD)	Notes
Total Housing Revenue	7,460,000,000	Sales over 20 years
Total Gross Profit	2,238,000,000	30% gross margin assumed
Total Net Profit (post tax & interest)	460,000,000	Project-level (illustrative)

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