



Invest in Lesotho's **Mohale Water Park**

MOHALE WATER PARK

A profitable opportunity to invest in a water leisure park amid the superb scenery of the Lesotho Highlands.



Invest in Lesotho



Mohale Water Park



Introduction

Investing in this tourism project in the Mohale Dam area of Lesotho will unlock value for investors

It involves developing:

1. A water leisure park
2. A cruise boat for the lake
3. A community outdoor centre

The park is likely to appeal to Lesotho and South African tourists given the proximity of that country. As tourist accommodation develops it could also be attractive to more distant markets in Africa, the USA and Europe.



- WATER LEISURE PARK
- CRUISE BOAT FOR LAKE
- COMMUNITY OUTDOOR CENTRE
- FLY-FISHING LODGE

Strengths & Opportunities

The Mohale Dam, constructed at the confluence of Senqunyane and Likalaneng rivers, is part of the Lesotho Highlands Water Project.

MOHALE DAM IS

145m

HIGH

and it supplies water to the Gauteng area of South Africa. The lake behind the dam and the Senqunyane river below offer tourists a range of adventure activities including water sports and fishing. The wider area offers hiking, quad biking, pony-trekking and camping.

There is potential to build on this by investing in:

- A water leisure park
- A cruise boat
- A community outdoor centre
- A fly-fishing lodge

The Lesotho Highlands region is well-known for the exceptional quality of its fly-fishing including for different species of trout.



Existing Structure, Mohale Dam.

The dam lies 2-3 hours' drive East of Maseru along the scenic A3 highway. The road is well-maintained and traverses three mountain passes as it climbs into the Central Highlands of Lesotho.

Some tourist accommodation is available locally, including the Mohale Lodge. But there is potential to develop and expand it, for example at the Mohale Lower Village, which is owned by the Ministry of Tourism (see separate project description).

An educated, youthful labour force provides a solid basis for investing in the travel and tourism sector. Lesotho has a literacy rate of 76% and 90% of the population speaks English. Labour rates compare well with those of South Africa. Lesotho has a tradition of harmonious labour relations and friendly, welcoming people.

In the tourism sector a corporate income tax rate of 28% is applicable.

The project would align with SDGs 1, 8 and 10.



Mohale Water Park



Strengths & Opportunities

South African tourists already provide an important market for Lesotho, which is part of the SADC visa regime. This allows visa free movement entry of SADC citizens for a period of up to 90 days.

As more and more middle-class Africans travel within the continent, the market expands. This includes business visitors, who could be encouraged to extend their stay to include an element of leisure.

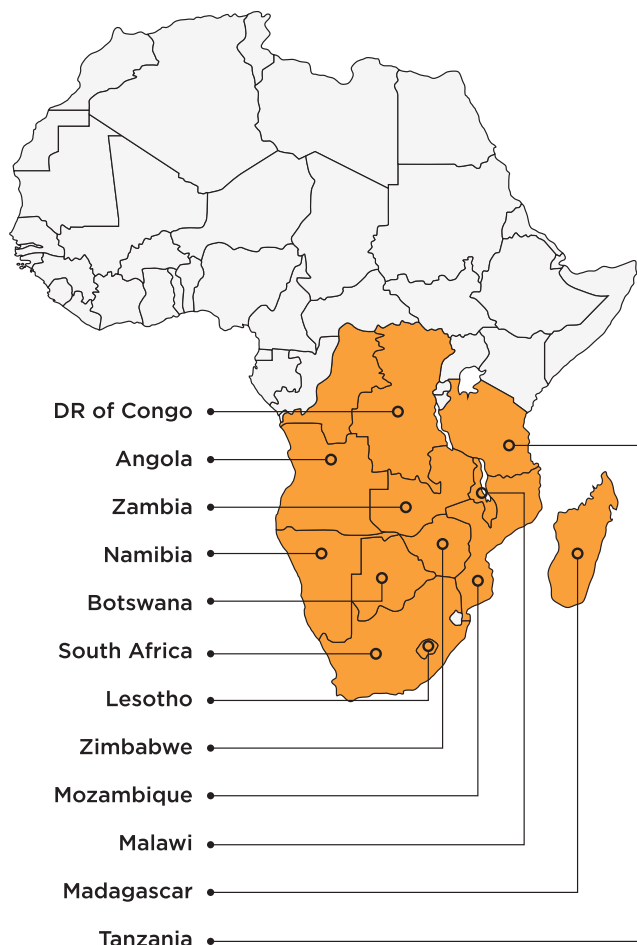
Maseru is the main gateway to Lesotho, 2-3 hours' drive from Mohale. Maseru is 414 kms (4.5 hours' drive) by road from Johannesburg, 344 kms (6 hours) from Durban and 685 kms (11.5 hours) from Cape Town.

Beyond the region, Lesotho could be attractive to visitors from the Northern Hemisphere during the Austral summer. Moeshoeshoe I International Airport in Maseru is served by direct flights to and from Johannesburg, a major international hub with daily flights to other African countries, Europe, North America and Asia among others.

Business-enabling reforms championed by the Government of Lesotho are beginning to bear fruit. Prioritising travel and tourism has resulted in Lesotho's overall competitiveness ranking moving from 93 to 41. This positions Lesotho to benefit from regional broad-based policies

to promote travel and tourism under the African Continental Free Trade Area (AfCFTA). Progress is also being made in improving environmental sustainability. Lesotho was recognised in 2019 as the top scorer in Sub Saharan Africa and 20th globally for Environmental Sustainability in the WEF's Travel and Tourism Competitiveness Report.

SADC COUNTRIES



- WATER LEISURE PARK
- CRUISE BOAT FOR LAKE
- COMMUNITY OUTDOOR CENTRE
- FLY-FISHING LODGE



Photo Credit: Google.

Project Location



Mohale Water Park



Financial Analysis

TOTAL INVESTMENT

A total investment of approximately:

LSL* 9.8m

comprising fixed assets of LSL 6.7 million, pre-production expenditure of LSL 510 thousand and initial working capital of approximately LSL 2.6 million will be required for the establishment of the Mohale Water Park. The graphs below illustrate a financially viable operation with the opportunity expected to generate a profit throughout its operational life.



Mohale Resort, an ideal getaway for watersports!

In addition to the positive NPV and IRR, the initial investment cost of the project is expected to be fully recovered in just over 3 years. The investment opportunity also responds favourably to the Country`s developmental objectives through its positive socio-economic impact in terms of employment creation, economic agglomeration and potential forex earning opportunities.

*1 LSL = 1 ZAR

15 LSL = 1 USD (as of April 2021)

NET PROFIT

The enterprise`s annual net profit after tax increases from

LSL 3.9m

in Year 1 to approximately:

LSL 6.5m

in year 10. Similarly, the projected cash flows of the envisaged project indicate that it will generate positive net cash flows throughout the 10-year operational period.

NET PROFIT



YEAR 1



NET PROFIT



YEAR 10



- WATER LEISURE PARK
- CRUISE BOAT FOR LAKE
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Financial Analysis

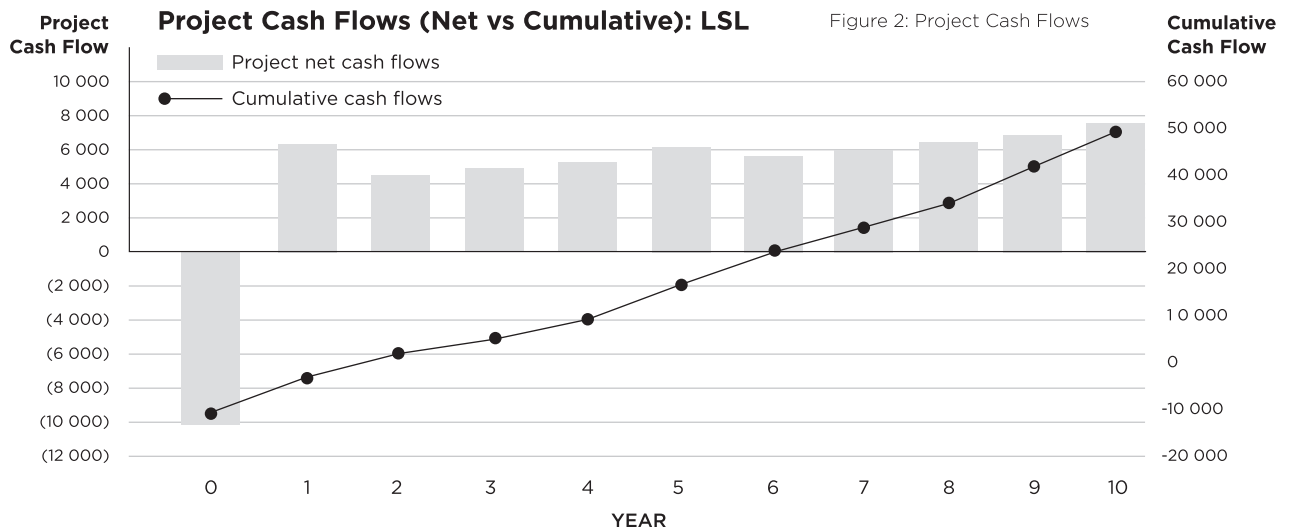
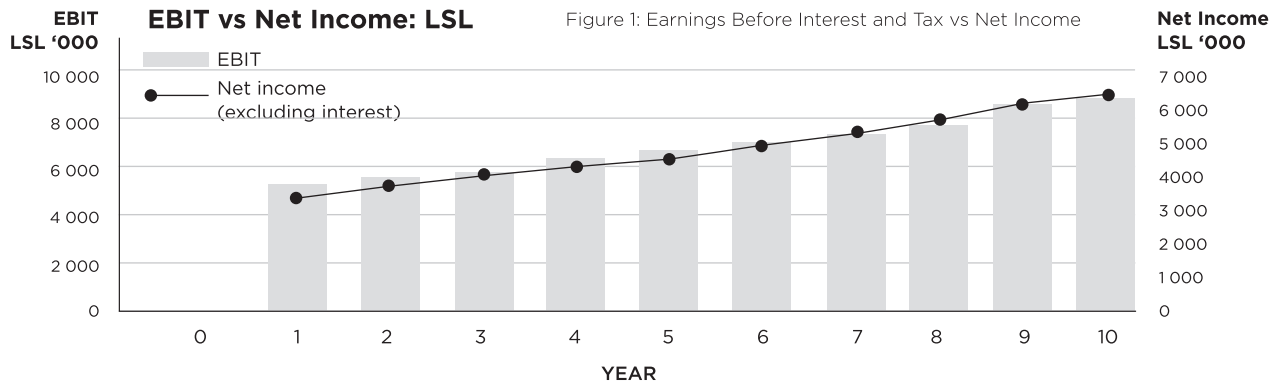


Table 1: Investment Indicators

The projected future cash flows generated by the enterprise are discounted at a rate of 10%. The outcome of the discounted cash flow analysis is summarized in Table 1.

Net present value (NPV)	LSL 26.13m
Discounted payback period	3.03 years
Internal rate of return (IRR)	56.89%
Profitability index (PI)	4



Mohale Water Park

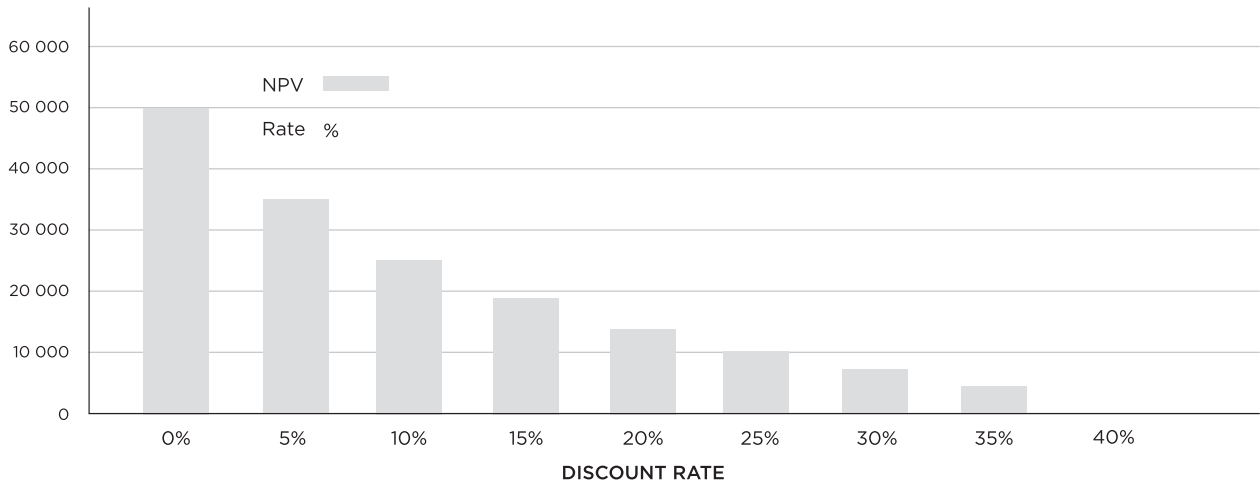


Financial Analysis

The positive NPV at a discount rate of 10% corresponds to an IRR of 56.89% highlighting the financial viability of the Mohale Resort investment opportunity.

LSL '000 **NPV Profile: LSL**

Figure 3: Project Net Present Value Profile



Mohale Dam.

Note

The financial analysis of the Mohale Water Park tourism investment opportunity is computed over a ten-year period. Revenue and expenditure projections are in line with industry growth prospects and market potential and have been informed by and benchmarked against industry standards and norms. In addition, assumptions relating to inflation; depreciation and salvage value; and company tax, have been worked out based on the existing laws and directives of the country. The figures above represent high level estimates as of January 2021 and are not derived

from a full feasibility study. Investors are advised to conduct their own due diligence. There are no specific investment incentives for the tourism sector in Lesotho, except for the MICE sub sector.

For more information please contact:

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