



# Invest in Lesotho's **Semonkong Waterfalls Resort**

## **SEMONKONG RESORT**

A Greenfield  
Investment Project  
in the Lesotho  
Highlands with  
a superb site  
overlooking the  
Maletsunyane  
Falls Gorge.



Invest in Lesotho



# Semonkong Waterfalls Resort

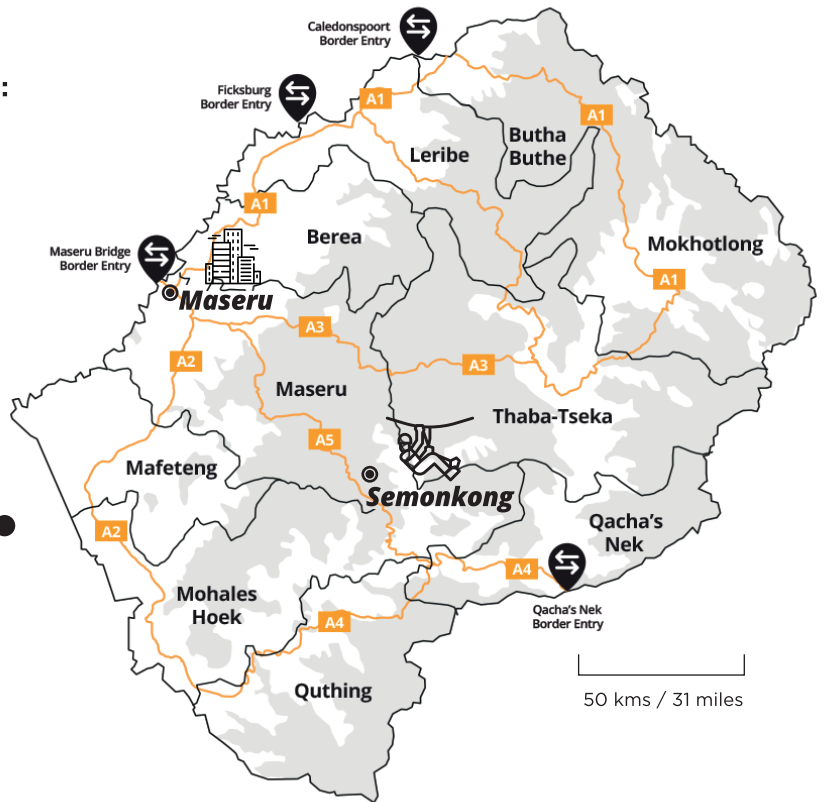


## Introduction

Semonkong Resort is a greenfield tourism development centred on nature, community and adventure tourism.

The project has three main components:

1. The lodge or chalets
2. The proposed zipline that will be the world's longest; and
3. A suspension bridge



- LODGE
- PROPOSED ZIPLINE
- SUSPENSION BRIDGE

## Strengths & Opportunities

**Semonkong is located in the centre of the country 115 km South East of Maseru city, which is a 2-3 hour drive on a good quality road. The town is a thriving community, with a main street lined with shops, pubs, banks and a post office.**

The surrounding area consists mainly of rolling hills and grasslands that are being used for farming by a number of small settlements scattered around. The key attractions are the spectacular Maletsunyane Falls and the gorge below.

The site of the project is owned by the Ministry of Tourism, Environment & Culture.

Tourism activities in Semonkong include hiking and mountain biking; viewing or abseiling down the Maletsunyane Waterfalls; pony-trekking; and trout fishing. Further proposed attractions are a suspension bridge and a zipline. The latter is potentially the longest in the world. The Maletsunyane Waterfalls are already well known and popular in the region.

According to a study for the Lesotho Tourism Development Corporation, the chalets are expected to achieve around 35% occupancy rate at the outset, whilst the suspension bridge and the zipline are jointly expected to attract around 200 visitors per month. The tourism potential of the area is demonstrated by the existing Semonkong Lodge.



CURRENTLY, AROUND

# 5 760

TOURISTS

visit the region annually, of whom around 50% are from South Africa and 35% from other countries. The regional entertainment calendar includes the Maletsunyane Braai Festival, held every spring, and the Roof of Africa Rally, an international motoring and motorbike event.

A POOL OF

# 4 700

TRAINED OR TRAINABLE EMPLOYEES

is available to support various segments of the accommodation sector in Lesotho. The tourism sector is estimated to have supported over 20,000 jobs in 2013. The accommodation industry accounted for majority employment in the sector, estimated at 2,969 jobs.

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

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



# Semonkong Waterfalls Resort



## Strengths & Opportunities

### Lesotho is part of the SADC visa regime.

This allows visa free movement entry of SADC citizens for a period of up to 90 days. Lesotho can also benefit from visitors from both the region and the Northern Hemisphere during the Austral summer.

Lesotho's membership of SADC also improves opportunities for training. The SADC Protocol on the Development of Tourism provides for harmonisation of tourism services and standards.

Maseru is the main gateway to Lesotho, 2-3 hours' drive from Semonkong. Moeshoeshoe I International Airport in Maseru is served by direct flights to and from Johannesburg, a major international hub. 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.

More well-off, middle-class Africans are travelling within the continent for leisure and business. The strength of Lesotho's tourism sector is reflected in:

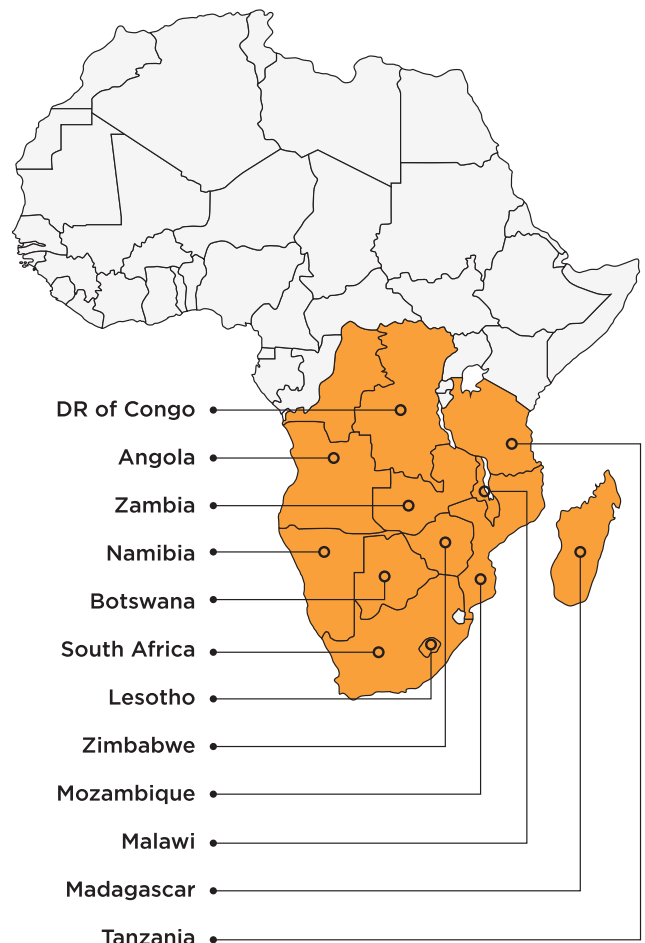
### BUSINESS TRAVEL SPENDING WHICH CURRENTLY REPRESENTS

**90%**  
OF ALL SPEND

and is expected to rise by 3.3% pa up to 2028. Domestic travel spending will continue to be the most profitable portion of Lesotho's tourism market. This is expected to rise by 3.0% pa up to 2028.

Investing in Semonkong would allow an investor to profit from niche tourism opportunities including adventure tourism, nature and eco-based tourism, and medical health and wellness.

### SADC COUNTRIES



- LODGE
- PROPOSED ZIPLINE
- SUSPENSION BRIDGE

## Project Assumptions

This is a potential PPP project. The investor would develop the site, manage it and market it locally and internationally. The opportunity is to attract foreign visitors from further afield and diversify the current market beyond Lesotho and South Africa.

The gravel road leading to the resort needs substantial improvements to bring it up to scratch. The government is expected to provide funding for the road in the event of a project being agreed.



Photo Credit: Google

Project Site 

  
200 meters



# Semonkong Waterfalls Resort



## Financial Analysis

### TOTAL INVESTMENT

A total investment of approximately:

**LSL\* 11.8m**

comprising fixed assets of LSL 11.2m, pre-production expenditure of LSL 10k and initial working capital of LSL 561k will be required for the establishment of Semonkong Resort. The graphs below illustrate a financially viable operation with the opportunity expected to generate a profit throughout its operational life.



A proposed Zipline will be a great attraction.

In addition to the positive NPV and IRR, the initial investment cost of the project is expected to be fully recovered in the beginning of the sixth year. The investment opportunity further 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

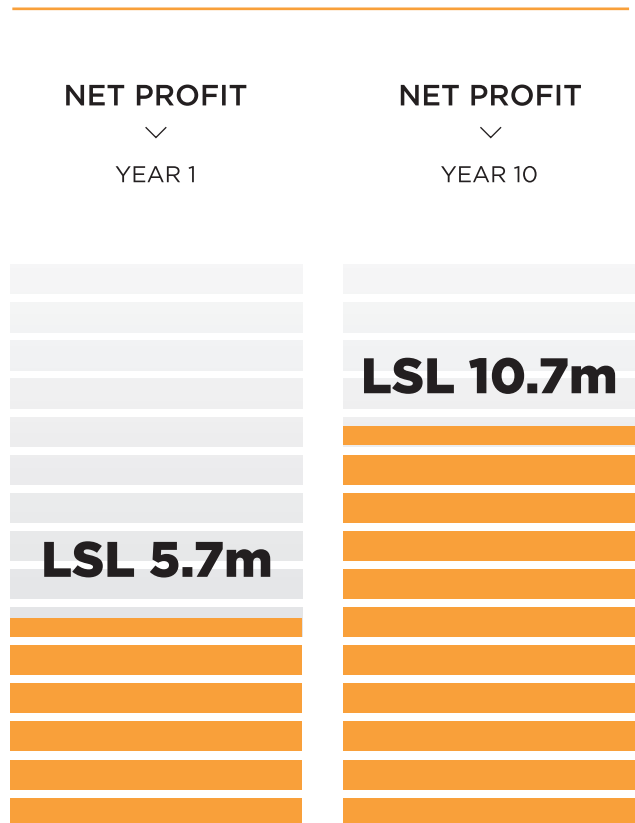
The resort's annual net profit after tax increases from approximately:

**LSL 5.7m**

in year 1 to approximately:

**LSL 10.7m**

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.



- LODGE
- PROPOSED ZIPLINE
- SUSPENSION BRIDGE

# Financial Analysis

Figure 1: Earnings Before Interest and Tax vs Net Income

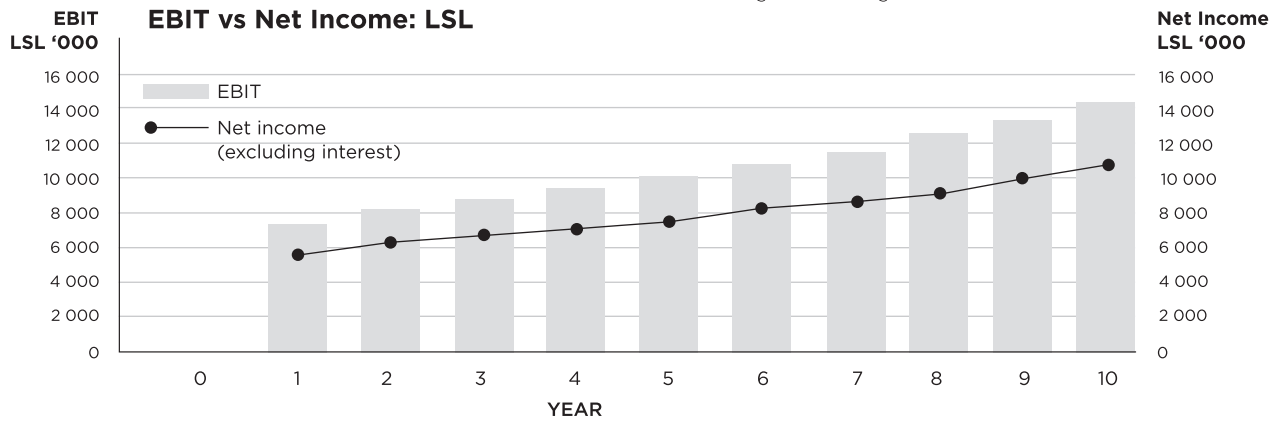


Figure 2: Project Cash Flows

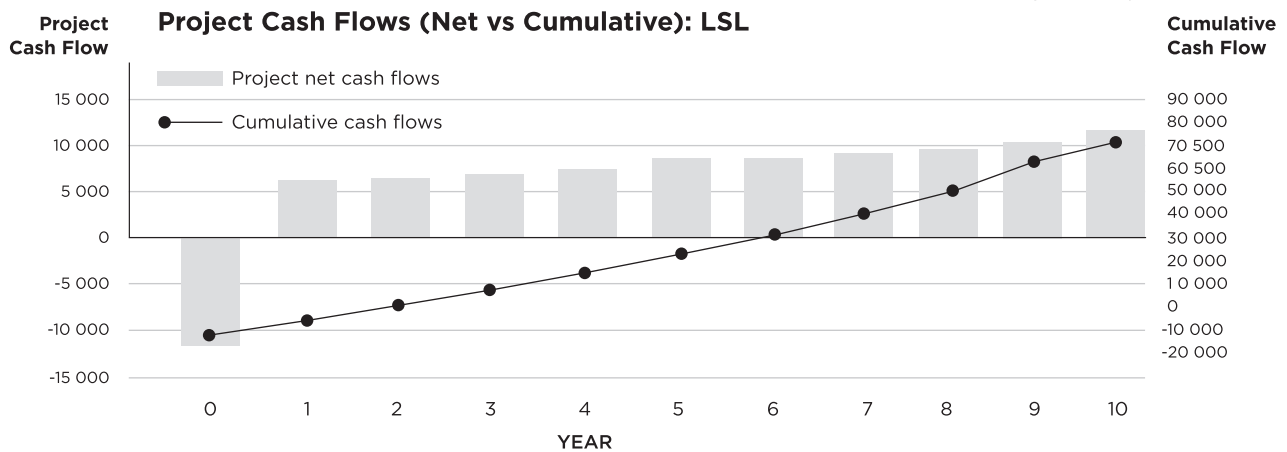


Table 1: Investment Indicators

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)	<b>LSL 32.72m</b>
Discounted payback period	<b>5.04 years</b>
Internal rate of return (IRR)	<b>33.43%</b>
Profitability index (PI)	<b>2</b>

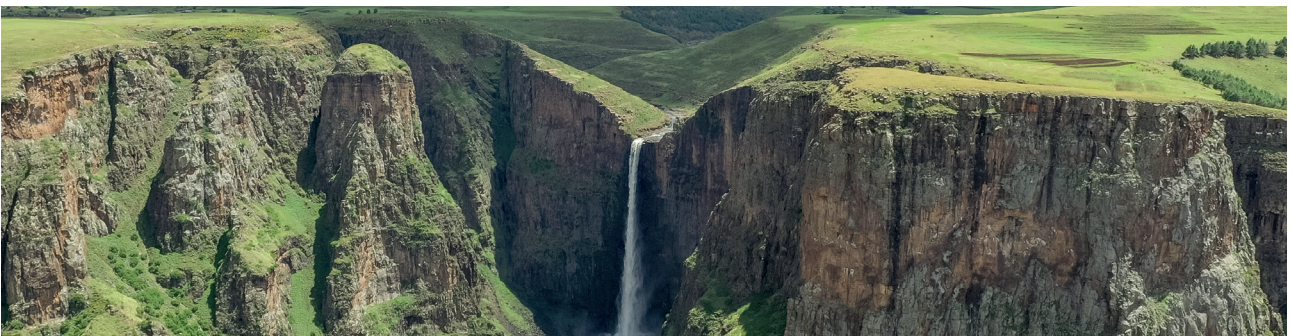
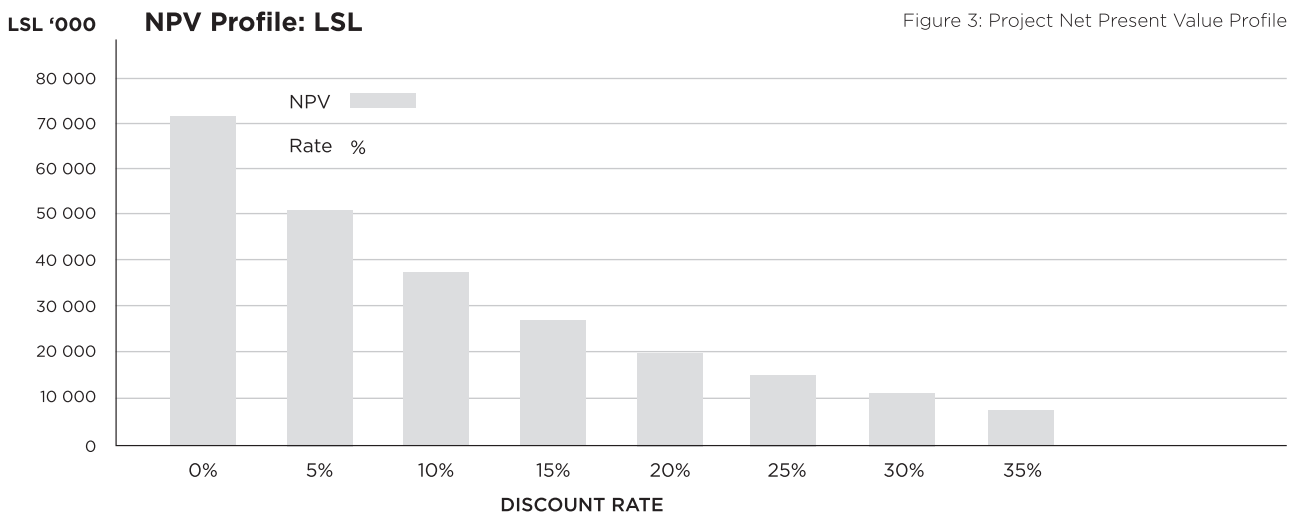


# Semonkong Waterfalls Resort



## Financial Analysis

The positive NPV at a discount rate of 10% corresponds to an IRR of 33.43%, highlighting the financial viability of the Semonkong Resort investment opportunity.



Maletsunyane Falls Gorge, Semonkong.

### Note

The financial analysis of the Semonkong Resort 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:

**MS MAMELLO MOROJELE**  
**Lesotho Tourism Development Corporation**  
**Tel +266 22312238 Cell +266 62861363**  
**Email m.morojele@ltdc.org.ls**