CareEdge RATINGS AFRICA
A subsidiary of CARE Ratings Limited, India

Anahita Hotel Limited

27 February 2024

Ratings

Instrument/Facilities	Amount (Mur Million)	Rating[1]	Rating Action
Bank Facilities	**919**	**CARE MAU A; Stable [Single A; Outlook: Stable]**	**Assigned**

Rating Rationale

The rating assigned to the bank facilities of Anahita Hotel Limited ("AHL") derives strength from its strong promoter Sun group with ultimate parentage from CIEL Limited (rated CARE MAU AA; Stable/A1+), experienced management team with successful track record, established and prestigious brand of Four Seasons Hotels & Resorts which is known to be among the most luxurious hotels, and the comfortable occupancy rate with a relatively high Average Daily Rate (ADR). The rating also factors in the improvement in the financial performance of the hotel post covid lockdown, satisfactory interest coverage and gearing levels, diversified revenue contributing to stability of cashflows, efficient liquidity management, sustainable tourist arrivals in Mauritius and forward booking levels providing reasonable assurance of a continued improvement in the performance of AHL.

The rating is however constrained by the seasonal nature of tourism & hospitality industry, competition from regional and worldwide destinations and the vulnerability to external factors such as macroeconomic conditions or global pandemic which may significantly impact the business in the hotel industry locally.

Rating Sensitivities:

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Ability to improve average occupancy level up to 70% and maintain the current ADR level
- Ability to improve EBITDA margin over 28% on a sustainable basis
- Reduction of debt with improvement in the overall gearing position on a sustained basis

Negative Factors - Factors that could lead to negative rating action/downgrade:

- Decline in occupancy level and ADR, impacting profitability and cashflow generation
- Additional debt for CAPEX investment thus increasing the overall gearing beyond 2x
- Excessive dividend payments weakening the gearing levels of AHL

BACKGROUND

Anahita Hotel Limited ("AHL"), incorporated on March 02, 2004, operates a luxury tourist resort, Four Seasons Resort ("Four Seasons") on the east coast of Mauritius at Beau Champ. Four Seasons is a 5-star Luxury category resort accommodating 136 villas (out of which 4 villas are private residences and currently not rented out by the homeowners), each featuring their own private pool. The one-bedroom villas are classified as garden pool villa, island garden pool villa, island ocean pool villa, island beach pool villa and beach pool villas and premium island pool villa and all have a combined indoor and outdoor space of 105 sqm. The 2 to 5-bedroom private villas have a combined indoor and outdoor space ranging from 266 sqm to 860 sqm. The hotel facilities comprise 6 restaurants offering a mix of Mediterranean, Mauritian, Indian and contemporary Italian cuisines amongst others and a beach club on the exclusive island of Ile aux Cerfs. It also has 4 outdoor pools, an award-winning overwater spa, a fitness centre and 2 tennis courts, water recreation activities, conference facilities and access to two golf courses.

[1]Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

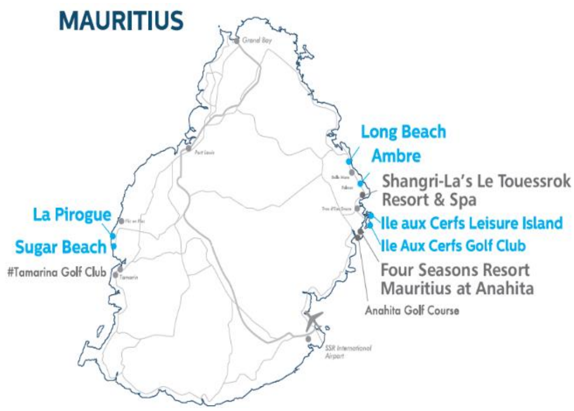
Four Seasons is located on a combined area of 30.71 arpents of freehold land and 7.3 arpents of leasehold land. The leasehold land is leased from the Government of Mauritius on an industrial site lease for a period of 60 years valid till September 2069. The hotel has undergone renovations in the years 2008 and 2015. Prior to its re-opening in the year 2021 (October), there have been renovations pertaining to the refurbishment of its lobby area, revamping of the main restaurant and bar and change of the flooring in public areas.

The Four Seasons is acknowledged as one of the most luxurious hotels in Mauritius with a long-standing track record of top guests' satisfaction and high repeat clientele. The hotel has won the following awards: Forbes Travel Guide 2023 Five Star designation (for 4 consecutive years), and Mauritius Best Hotel Restaurant 2023 (Acquapazza restaurant).

Based on the latest valuation, the property of AHL was estimated to be around MUR 4,795 million (excluding the 3 Integrated Resort Scheme villas owned by the hotel) at 30 June 2023, including the leasehold and freehold land.

The hotel is managed by the renowned brand of Four Seasons Resorts & Hotels. Founded in 1960 by Isador Sharp, Four Seasons Resorts and Hotels is a global luxury brand known for re-defining hospitality for the modern traveler. It is headquartered in Toronto, Canada where it opened its first hotel. In the year 1970, it launched its first overseas hotel in London, England. Four Seasons Resorts and Hotels has followed a targeted course of expansion, opening hotels and residences in major city centre and solicitated resort destinations around the world. With 126 hotels and resorts and 50 residential properties in 47 countries, and more than 50 projects under development, it continues to lead the hospitality industry in terms of innovative enhancements, first-class services, and a robust and loyal clientele.

Shareholding: AHL is wholly owned by Sun Limited which in turn is a 50.10% subsidiary of CIEL Limited (rated CARE MAU AA; Stable/ CARE MAU A1+ rating upgraded in November 2023). Sun Limited is among the leading hotels, leisure and real estate groups in the Indian Ocean, owning and/or managing six resorts in Mauritius namely, Four Seasons Resort (5-star Luxury), Shangri-La's Le Touessrok (5-star Luxury), Long Beach (5-star), Sugar Beach (5-star), La Pirogue (4-star deluxe) and Ambre (4-star). The geographical location of Sun Limited's resorts in Mauritius is as depicted above. The group's structure of Sun Limited is as illustrated below:



Improved financial performance with satisfactory profitability

With the growth in the average occupancy rate from 36% in FY22 to 59% in FY23 along with the higher ADR of MUR 41,685, revenue has increased by 47% to attain MUR 1,766 million from MUR 1,198 million in FY22. This had a sequential effect on the PAT which increased to MUR 304 million in FY23 against MUR 73 million in FY22 while the GCA stood at MUR 394 million. The boost in the hotel activities had a positive effect on the debt profile of the hotel with improvement in the total debt to GCA at 2.35x (FY22: 6.45x) and total debt to EBITDA at 2.00x (FY22: 4.25x). The overall gearing has decreased to 0.19x as on June 30, 2023 against 0.25x as on June 30, 2022. AHL interest coverage ratio was at 8.93x as on June 30, 2023, indicating that the hotel has the ability to repay its obligations.

Annexure II

Rating Symbols

Long /Medium-term Instruments

Symbols	***Rating Definition***
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category.

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.

A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

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CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.
CRAF’s Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.
CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.