Attitude Hospitality Ltd ("AHL")

27 January 2025

Ratings

Instrument/Facilities	Amount (MUR Million)	Rating[1]	Rating Action
Bond Issue	**875**	**CARE MAU A-; Stable**	Reaffirmed

Rating Rationale

The rating assigned to the Bond Issue of Attitude Hospitality Ltd (**"AHL"**) continues to derive strength from the improved operational and financial performance with sustained occupancy levels, improved average room revenue (ARR) and comfortable cashflow of the major dividend paying companies and popularity of 3/4-star hotels among budget conscious tourists. The rating also factors in the satisfactory track record and experience of the promoters in the hotel sector, the professional and qualified management team, established track record of the promoters in acquiring loss-making hotels and successfully turning them profitable, improved tourism industry and strong demand for hotel rooms since re-opening of international borders and a pent-up tourists' arrivals to Mauritius. However, the rating is constrained by project risk associated with establishing the hotel in Zanzibar and current redevelopment of Recif Attitude Hotel, the direct competition from local budget accommodation, foreign exchange risks and sensitivity of the Mauritian hotel industry with respect to tourists' arrivals.

Rating Sensitivities:

Positive factors that could, individually or collectively, lead to positive rating action/upgrade

- Ability to increase occupancy rate above 80% and achieve the projected ARR
- Improvement in operational & financial performance of the dividend paying companies
- Successful completion of renovation in different hotels within the envisaged cost and timeline

Negative factors that could, individually or collectively, lead to negative rating action/downgrade

- Significant addition to debt to fund expansion or acquisition increasing the gearing level
- Decline in ARR and occupancy level
- Higher than projected dividend or any support extended to the subsidiary companies

BACKGROUND

Attitude Hospitality Ltd ("**AHL**") was incorporated, as Jason Hotels Company Ltd in May 2008, by Mr. Marie Adrien Robert and his son Mr. Jean- Michel Pitot. In July 2014, the company was renamed as AHL. Since inception, AHL's focus has been to position itself as a mid-market (3/4-star category) hotel player in the tourism sector of Mauritius. AHL commenced operation in 2008 with two hotels: Coin de Mire Attitude and Bluemarine Attitude which, combined, have 210 rooms. In between, 2010-2014, the company acquired 6 hotels (3-4 stars) and did renovation and expansion in existing and new hotels. AHL currently owns 7 operational hotels along the north and east coast of Mauritius with 1,015 rooms. It has also established itself as a leading brand in the mid-market segment (3/4-star

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

category) hotels in Mauritius. Among the 8 hotels located in the North and East of the island, some of the hotels are fully owned, partly owned and leased from property owner company. The demand from the European market remains the main source of Attitude Hotels guests. AHL was initially promoted by Pitot family. In October 2010, United Investment Limited acquired 39.4% stake in AHL. At present, the Pitot family through various companies owns the majority share (59%) of AHL. The balance 38.91% is held by United Investment Limited and 2.09% by the executive management team.

Acquisition of shares in Marina Village Hotel Limited – In June 2024, Attitude Hospitality Ltd acquired the remaining 11.25% stake in Marina Village Hotel Limited. The entity is now fully owned by AHL thus AHL is entitled to 100% of dividend paid by Marina Village Hotel Limited

Development in Tanzania, Zanzibar - In February 2024, Attitude Hospitality (Africa) Ltd a fully owned subsidiary of AHL, acquired 100% of the shares in Matemwe Bungalows Zaswi (Z) Limited, a hotel complex on Zanzibar Island, Tanzania. The construction works is progressing, and the hotel opening is scheduled in October 2025. A 74 key one bedroom villa concept will be added to AHL inventories going forward.

Management: AHL is a professionally managed company. It is governed by a 12-member Board of Directors comprising of 3 Executive Directors, 9 Non-Executives (including 1 nominated by the Mauritius Investment Corporation 'MIC'), 2Independent directors, and a number of eminent industrialists and professionals. The strategic affairs of the company are looked after by the Group Chief Executive Officer – Mr. Jean-Michel Pitot. Mr Vincent Desvaux De Marigny is the Executive Director and CEO) and Mr. Deenesh Seedoyal (Executive Director and Chief Financial Officer) and a team of 4 Executive experienced and qualified officers for managing day-to-day affairs of the Group.

Performance of AHL standalone: AHL is an investment company, and its only source of revenue is dividend received from its subsidiary and associate companies. AHL company achieved a 150% increase in total income to MUR 270 million from MUR 108 million in FY23 on account of higher dividend income from MUR 68 million in FY23 to MUR 228 million in FY24. AHL received interest income amounted to MUR 42 million in FY24 out of which MUR 37 million were from Marina Village Hotel Limited, Compagnie Marmite des Iles and East Water Ltd. EBITDA also increased by 140% to MUR 245 million from MUR 102 million and PAT increased from MUR 28 million in FY23 (restated) compared to MUR 190 million in FY24. Interest coverage ratio was higher at 4.45x in FY24 (1.45x in FY23). Total debt decreased from MUR 1,235 million as on June 30, 2023, to MUR 1,110 million as on June 30, 2024, leading to an improved overall gearing from 0.70x as on June 30, 2023, to 0.57x as on June 30, 2024.

Performance of AHL group: AHL's total income increased by 16%, reaching MUR 2,604 million in FY24, up from MUR 2,246 million in FY23. The group achieved an EBITDA of MUR 825 million, compared to MUR 641 million in FY23. As a result, AHL posted a higher PAT of MUR 553 million (MUR 370 million in FY23) driven also by a bargain purchase of MUR 100 million from the acquisition and a rise in the share of profit from associates, which increased to MUR 129 million (MUR 88 million in FY23). The Company also reported a GCA and a cash balance of MUR 769 million and MUR 372 million, respectively. The overall gearing ratio improved to 1.15x as on June 30, 2024 (from 1.49x as on June 30, 2023), while interest coverage ratio increased to a solid 4.31x (from 3.73x in FY23).

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Annexure II

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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