Riveo Hospitality Ltd
18 February 2025

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Bank Facilities – Term Loans	**696**	**CARE MAU A; Stable**	Reaffirmed

Rating Rationale
The rating assigned to the bank facilities of Riveo Hospitality Ltd ("RHL") (previously known as Anahita Hotel Limited) continue to derive strength from the ultimate parentage from CIEL Limited (rated CARE MAU AA; Stable/A1+), the 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 a relatively high Average Daily Rate (ADR). The rating also factors in the sustainable reduction in debt, comfortable interest coverage and gearing levels along with diversified revenue base that contributes to stable cash flows and the robust performance of the tourism and hospitality sector.

The rating is however constrained by the reduction in occupancy rate leading to a decline in the top line, the historical seasonality of the industry, increasing competition from regional destinations, and the sector's vulnerability to external factors. These include macroeconomic conditions or global pandemics, which could significantly disrupt operations and negatively affect the industry.

Rating Sensitivities:
Positive factors that could, individually or collectively, lead to positive rating action/upgrade:
- Increase in average occupancy to the range of 65%, coupled with sustained higher ADR and profitability margins.
- Ability to reduce exposure to the Group in a sustainable manner.
- Sustainable reduction in the overall gearing level.

Negative factors that could, individually or collectively, lead to negative rating action/downgrade:
- Occupancy rate declining below 50%, impacting the top line and profitability of the company.
- Debt funded expansion over the envisaged level, leading to an overall gearing level beyond 1.0x.
- Significant increase in exposure to group entities.

BACKGROUND
Riveo Hospitality Ltd ("RHL") (previously known as Anahita Hotel Limited), incorporated on March 02, 2004, operates a luxury tourist resort, Four Seasons Resort Mauritius ("Four Seasons") located on the east coast of Mauritius at Anahita, Beau Champ. Four Seasons is a 5star luxury category resort accommodating 133 luxury villas, each featuring its own private garden and pool. The hotel facilities comprise of 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.

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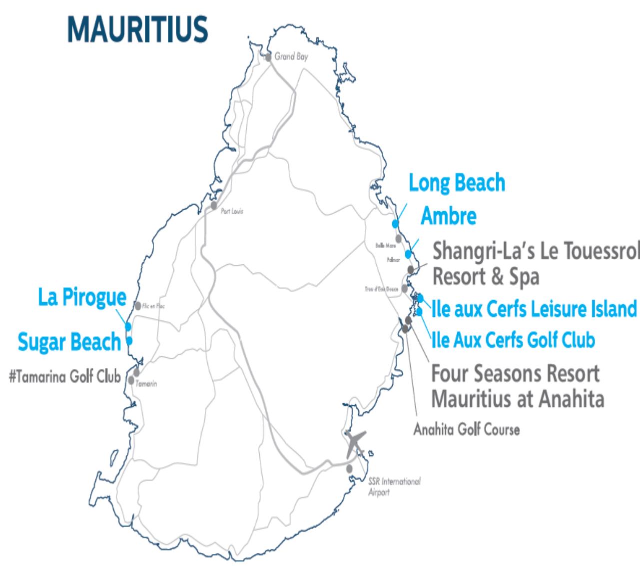
Four Seasons is located on a combined area of 30.71 arpents (1 acre = 1.18 arpent) of freehold land and 7.3 arpents of leasehold land. The leasehold land is leased from the Government of Mauritius on an industrial site lease for a period of 60 years.

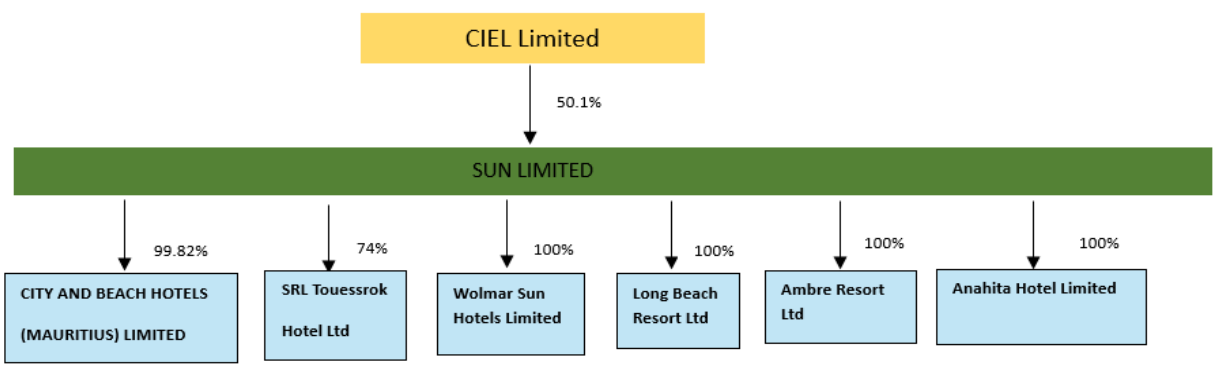
The Four Seasons is acknowledged as one of the most luxurious hotels in Mauritius with a long-standing track record of top guests' satisfaction and high repeat clientele. The hotel has won the following awards: Forbes Travel Guide 2023 Five Star designation (for 4 consecutive years), and Mauritius Best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

The hotel is managed by the prestigious Four Seasons Resorts & Hotels brand. Founded in 1960 by Isadore Sharp, Four Seasons has become a globally recognized luxury brand, renowned for redefining hospitality for the modern traveler. Headquartered in Toronto, Canada, the company opened its first hotel there. In 1970, Four Seasons expanded internationally with the launch of its first overseas hotel in London, England. The brand has since pursued a strategic expansion, establishing hotels and residences in major city centers and sought-after resort destinations worldwide.

Shareholding: Pre corporate restructuring, RHL was wholly owned by Sun Limited which in turn is a 50.10% subsidiary of CIEL Limited (rated CARE MAU AA; Stable/A1+). Sun Limited is among the hotels & leisure groups in the Indian Ocean, owning and/or managing six resorts (Pre corporate restructuring) in Mauritius namely, Four Seasons Resort Mauritius (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 the resorts, in Mauritius is as depicted.



Pre corporate restructuring, the group structure was as follows:

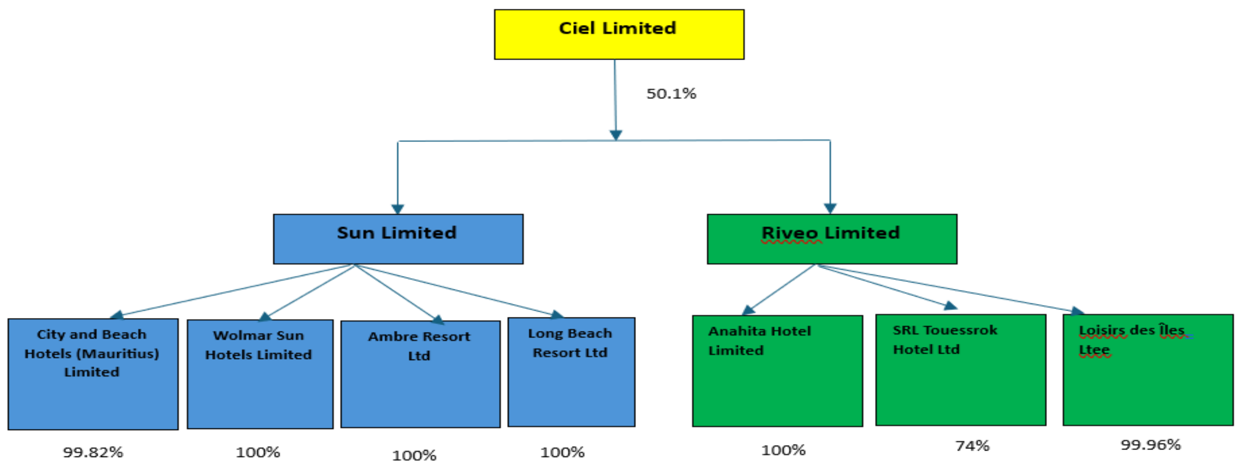


Restructuring of the SUN group effective as from November 25, 2024:

In June 2024, the board of Sun Limited decided to restructure and reorganize the Sun group into two distinct listed groups, namely Riveo Limited and Sun Limited with the objective of improving transparency in relation to the strategic objectives and operational performance of each group of companies with owner-managed assets and those managed by external international operators. Riveo Limited was incorporated on February 23, 2024.

A detailed information memorandum about proposed changes by Sun limited is available on: Sun Limited & Riveo Limited - Information Memorandum

Effective from November 25, 2024, the group structure is as follows:



Stable financial performance coupled with comfortable gearing level

In FY24, the average daily rate (ADR) increased by 5%, rising from MUR 41,685 in FY23 to MUR 43,880. However, the average occupancy rate for FY24 declined to 53%, compared to 59% in FY23, leading to a slight 5% decrease in revenue, from MUR 1,766 million in FY23 to MUR 1,677 million. Total income for FY24 was MUR 1,678 million, down from MUR 1,766 million in FY23. RHL posted EBITDA and PAT of MUR 410 million and MUR 230 million for FY24, reflecting year-over-year declines of 13% and 24%, respectively.

In FY24, RHL made capital repayments of MUR 192 million, reducing its total debt from MUR 927 million as of June 30, 2023, to MUR 743 million as of June 30, 2024. The remaining MUR 8 million in debt was related to negative foreign exchange movements. The overall gearing ratio improved to 0.17 times as of June 30, 2024, compared to 0.19 times on June 30, 2023, while the interest coverage ratio stood at 6.71 times for the financial year.

Disclaimer

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Annexure I

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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About CARE Ratings (Africa) Private Limited:
CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.
CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.
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.
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CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.