CareEdge RATINGS AFRICA
A subsidiary of CARE Ratings Limited, India

Riveo Hospitality Ltd (Erstwhile Anahita Hotel Limited)

28 April 2025

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Bank Facility – Term Loan I	**363**	**CARE MAU A; Negative**	Revised from CARE MAU A; Stable to CARE MAU A; Negative
Bank Facility – Term Loan II	**200**	**CARE MAU A; Negative**	Revised from CARE MAU A; Stable to CARE MAU A; Negative
Proposed Multicurrency Notes Issue	**4,000**	**CARE MAU A; Negative**	Assigned
Total	**4,563**		

Rating Rationale

The revision in the rating outlook of the bank facilities of Riveo Hospitality Ltd ("RHL") (previously known as Anahita Hotel Limited) from 'CARE MAU A; Stable' to **'CARE MAU A; Negative'** is on account of expected increase in debt to fund scheduled refurbishment of the hotel and refinancing of the existing obligations. The revision in outlook also factors in the expected closure of the resort for a period of 7 months which in turn is likely to result in a temporary deterioration of the operational and financial performance during FY25 and FY26.

The rating continues to derive strength from the ultimate parentage from CIEL Limited (rated CARE MAU AA; Stable/A1+), the experienced and renowned international hotel operator with successful track record, established and prestigious brand of Four Seasons Hotels & Resorts which is known to be among the most luxurious hotels, with the highest Average Daily Rate (ADR) in its competitive set in Mauritius. The rating also factors in the diversified revenue base that contribute to stable cash flow and the robust performance of the tourism and hospitality sector.

The rating is, however, constrained by the reduction in occupancy rate during FY24 leading to marginal decline in the total income mainly due to the ageing property in addition to 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 adversely 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 RevPAR.
- Significant reduction in debt resulting in overall gearing (Total Debt/Tangible Networth) level below 0.5x.
- Recovery of loan outstanding to the parent improving the cash flow of RHL.

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 1.4x.
- Delay in refurbishment resulting in time and cost overrun impairing operational and financial performance of the hotel.
- Additional loans to parent or group entities affecting the cash flow of RHL adversely.

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

BACKGROUND

Riveo Hospitality Ltd ("RHL") (previously known as Anahita Hotel Limited), incorporated on March 02, 2004, owns and operates a luxury tourist resort, Four Seasons Resort Mauritius at Anahita ("Four Seasons") located on the east coast of Mauritius at Beau Champ. Four Seasons is a 5-star 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.

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.

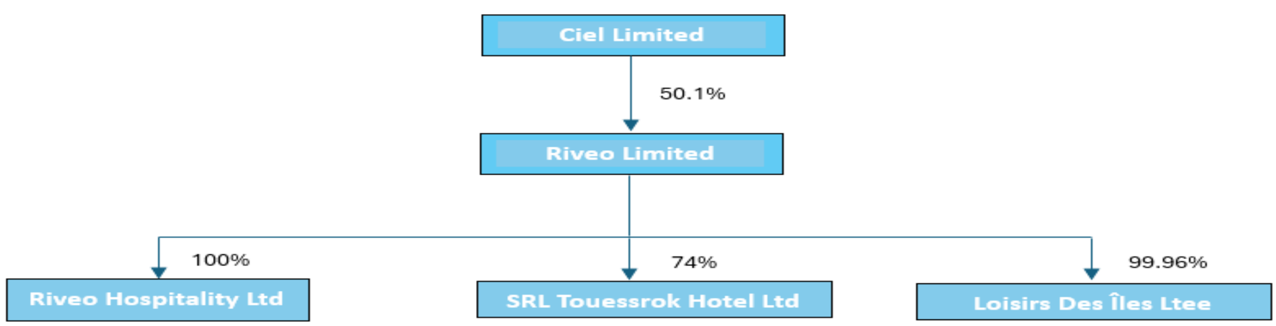
The Four Seasons is acknowledged as one of the most luxurious hotels in Mauritius with a long-standing track record of top guests' satisfaction and high repeat clientele. The hotel has won the following awards: Forbes Travel Guide 2023 Five Star designation (for 4 consecutive years), and Mauritius Best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

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.

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



Debt funded refurbishment resulting in increasing gearing levels and expected deterioration in operating performance over short term

RHL has proposed to issue a multicurrency notes issue of MUR 4,000 million primarily to fund the refurbishment of the hotel property, to refinance the existing obligation towards the MIC convertible bonds of MUR 1,100 million and to advance a loan to parent. The use of proceeds is mentioned as below:

Particulars	Amount in MUR million	Percentage
Hotel renovation including private owned villas	2,316	58%
Repayment of MIC convertible bonds	1,100	28%
Advance loan to parent	584	15%
Total	**4,000**	**100%**

It shall be noted that 58% of the proposed debt is towards the renovation of the hotel directly and indirectly in the form of advance to the villa owners. Further, RHL proposed to repay the redeemable convertible bonds from Mauritius Investment Corporation (MIC) amounting to MUR 1,100 million. Also, RHL will early repay all existing bank debts with MCB Ltd amounting to MUR 565 million at 31 March 2025 so that there will only be the MUR 4 billion bond as debt in RHL. During its earlier analysis, CRAF treated the financing from MIC as quasi equity considering it will be converted to equity at the end of the maturity period in 2029, if not redeemed, at a predetermined price. Considering the intention of RHL to repay the MIC convertible bonds, same is now being treated as debt.

RHL has scheduled the refurbishment during the off-season from April 2025 to October 2025 and aim to re-open as from November 2025. During the 7 months of refurbishment, the resort will be closed to visitors. This is expected to result in deterioration in the operating and financial performance during FY25 and FY26. Post refurbishment, with the strong brand of Four Seasons as premium category operator, the hotel is expected to charge higher rates for the rooms, hence contributing into sustainable growth of the top line and other financial metrics.

Stable financial performance

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.
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.