Moka City Limited

9 July 2026

Ratings

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Term loan	**1,250**	**CARE MAU A+; Stable**	Reaffirmed
Bank overdraft	**250**	**CARE MAU A1**	Reaffirmed

Rating Rationale

The ratings assigned to Moka City Limited's (Moka City) bank facilities continue to derive strength from the strategic and financial strength of its ultimate parent, ER Group Limited, which provides financial flexibility, operational expertise, and strategic oversight. The ratings are further supported by sustained demand for land in the Moka region, supported by the development's strategic location within a key growth corridor and is evidenced by a strong historical land sales track record, consistent improvements in price realisation and steady asset absorption across key precincts.

Moka City benefits from a well-established and master-planned urban development platform that secures long-term demand visibility and drives value creation across its land bank. Additional comfort is derived from the company's strong operational performance, driven by land sales, and the comfortable leverage and debt-servicing capacity.

However, the ratings are constrained by the company's high dependence on land sales, which exposes its financial performance to cyclical property markets and regulatory changes. Furthermore, credit metrics are limited by an inherently volatile earnings and cash flow profile, paired with execution risks associated with long-term land development.

Rating sensitivities:

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

- Ability to sell land at the envisaged price and timeline.
- Ability to maintain steady cash flow throughout the projected years.
- Timely completion of development projects within cost parameters.

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

- Adverse change in regulations pertaining to the real estate sector by the government, which can negatively impact sales and pricing dynamics.
- Significant decline in demand for land.
- Significant increase in debt, resulting in an overall gearing ratio higher than 0.75x.

Analytical approach

Moka City is analysed on a standalone basis while factoring in its linkages with its parent, ER Property Limited, and ultimate holding entity being ER Group Limited.

Outlook: Stable

The stable outlook reflects CRAF's expectation that the company will be able to sell land at higher prices, generate sufficient cash flows to meet its debt obligations, and achieve overall project profitability. The outlook is further supported by sustained demand for land and real estate developments in the Moka region, which provide comfort regarding the achievability of the projected land sales.

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

Applicable criteria

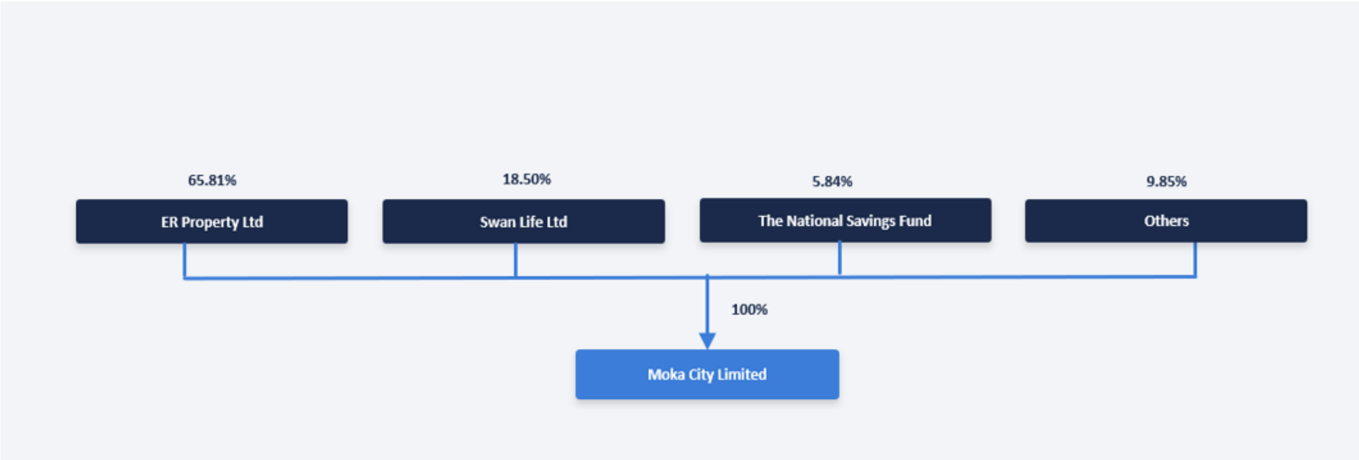
Rating Methodology – Real Estate Sector
Rating Outlook and Credit Watch
Criteria for default recognition
Criteria for assigning rating outlook and credit watch
Rating credit enhanced debt
Financial ratios – Non-Financial sector
Liquidity Analysis of Non-Financial Sector entities

BACKGROUND

Founded on July 18, 2016, Moka City serves as the principal land development and urban promotion vehicle for the Moka Smart City project. The company's core activities include the promotion of land and the development of residential, commercial, and mixed-use properties under the Smart City Scheme within the Moka region.

Moka City is a 65.81% owned subsidiary of ER Property Ltd (rated CARE MAU A; Stable/CARE MAU A1), which is wholly owned by ER Group Limited (rated CARE MAU A+; Stable). The remaining shareholding is held by Swan Life Ltd (18.50%; rated CARE MAU AA+(IS); Stable), the National Savings Fund (5.84%), and other investors (9.85%).

The shareholding structure is as follows:



In June 2015, the Government of Mauritius launched the Smart City Scheme to promote the development of integrated urban areas comprising residential, commercial, business, educational, healthcare, leisure, and entertainment components within a coherent master plan. The scheme is aligned with the concept of a "15-minute city", with the objective of creating urban environments where essential services and amenities are accessible within a short walking or cycling distance, while fostering innovation, sustainability, operational efficiency, and an enhanced quality of life.

Within this framework, Moka City has emerged as one of Mauritius' flagship smart city developments. The broader development spans several key precincts, including Helvetia, Bagatelle, Telfair, L'Avenir, Concordia, St Pierre, and Vivea, which collectively form a phased and master-planned urban ecosystem. Benefiting from its strategic central location, Moka City has evolved into a major residential, commercial, and business hub, supported by expanding community infrastructure and a long-term development master plan aimed at creating a sustainable and integrated urban environment.

Launch of Moka Smart City: Post introduction of Smart City Scheme (June 2015), ER Group incorporated Moka City in June 2016 through the amalgamation of various entities (held by ER Group) in return for shares. Moka City then applied for a Smart City Certificate for the development of 454 arpents freehold land. In November 2017, GOM provided the Smart City Certificate to Moka City for the development of residential units, commercial offices, educational, sports and medical facilities, and a bus terminus over 454 arpents of land. Development of Phase I took place in the region of Bagatelle.

In 2018, ER Group got the approval from the government to develop 1,600 arpents. Accordingly, for Phase II, Moka City acquired 534 arpents of land from ER Group, financed by a MUR 3,600 million equity raising. External investors, Swan Limited and National Pension Fund, invested MUR 1,900 million and the remaining amount of MUR 1,700 million was invested by ER Property Limited. The MUR 1,700 million investment by ER Property Limited was made in convertible debentures (MUR 1,080 million) and the remaining was equity.

Over the past 5 years, ER Group has been converting agricultural land (with GOM approval under Moka Smart City Scheme) in and around Moka region and transferring them to ER Property (against redeemable shares) which, in turn, was transferred to Moka City and Moka Residential (against redeemable shares). The cost of such land to ER Group is negligible, since the group has been holding this land for more than 100 years. However, under IAS 2, the company has been revaluing land over the past few years. Post revaluation, the value of such land in the books is around MUR 6.0-10.0 million per arpent. ER Group has transferred these land parcels to ER Property and subsequently to Moka City at around MUR 6.0-10.0 million per arpent.

Moka City will develop infrastructure on these land parcels (roads, power, water, boundaries, land scaping, and beautification) and sell it at an average price of MUR 20-50 million per arpent (current market price). Schools, hospital, shopping mall, and clubs have already been developed in the Moka region by ER Group. As per plans submitted to GOM, Moka Smart City is proposed to be developed on 1,600 arpents of land over 15 years.

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CRAF's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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.

Short term Instruments

Symbols	**Rating Definition**
CARE MAU A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE MAU A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry very high credit risk and are susceptible to default.
CARE MAU D	Instruments with this rating are in default or expected to be in default on maturity.

Modifier {"+" (plus)} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifier reflects the comparative standing within the category.

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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 best international 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.