ER Hospitality Property Limited
22 October 2025

Ratings

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Proposed Bank Facilities	**2,100**	**CARE MAU A; Stable**	Assigned

Rating Rationale

The rating assigned to the proposed bank facilities of ER Hospitality Property Limited ("ER Hospitality") continues to derive strength from its strong parent linkage with ER Group Limited (erstwhile NewENLRogers Limited), established market presence with 7 leisure hotels and 1 business hotel strategically located across Mauritius, strong operational performance of its main hotels, improving occupancy levels and Average Daily Rate ('ADR') with satisfactory forward bookings, diversified revenue mix and comfortable financial performance at consolidated level.

The rating is however constrained by the seasonal nature of the tourism and hospitality industry, rigid competition from regional destinations, vulnerability to external factors such as macroeconomic conditions which may affect the financial and operational performance of the hotels and refinancing risk upon maturity in FY31.

Rating Sensitivities

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

- Ability to maintain occupancy rate above 85% and with an improved ADR
- Improvement in operational & financial performance of its hotels leading to improvement in total debt to EBIDTA below 2x.

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

- Decline in occupancy rate below 75%
- Additional debt to fund CAPEX raising the overall gearing above 0.6x at consolidated level

BACKGROUND

Incorporated in June 2006, ER Hospitality Property Limited ('ER Hospitality') (formerly known as Rogers Hospitality Operations Ltd), is a subsidiary of ER Group Limited (66% stake). ER Hospitality, the tourism arm of ER Group Limited, manages a diverse portfolio of hotels, resorts, and leisure assets across Mauritius. Its properties are strategically located in prime coastal regions, including the North, West, and South of the island. ER Hospitality caters to the mid-to-upscale market in Mauritius, operating a diverse portfolio of resorts and hotels enumerated as below:

- **Heritage Resorts –** Heritage Awali, Heritage Le Telfair and luxury residences (Heritage the Villas).
- **Veranda Resorts –** Veranda Pointe Aux Biches, Veranda Paul & Virginie, Veranda Grand Baie, Veranda Tamarin and Veranda Palmar Beach.
- **Kaz'alala –** A unique B&B concept.
- **Voilà Bagatelle –** A business hotel catering to corporate travellers
- **Heritage Golf Club** – Featuring two championship golf courses
- **Heliport Bel Ombre** - Strategically located in Bel Ombre, the heliport offers a premium experience with exclusive amenities designed for comfort and convenience.
- **Seven Colours Spas** – Offering holistic wellness experiences
- **Chamarel 7 Coloured Earth Geopark -** Opened in the late 1960s, the park is key to the development of Chamarel, an area full of history and breathtaking scenery.
- **World of Seashells** – Unique edutainment attraction in Mauritius
- **C Beach Club**, **Le Chamarel**, and **Le Château de Bel Ombre** – Signature dining venues.

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

ER Hospitality traces its origins back to 1952. The launch of Veranda Resorts in 1982 introduced the 3-star hotel segment, making hospitality more accessible to a broader market. In 2004, the Group expanded into luxury hospitality with the launch of Heritage Resorts & Golf in the scenic Bel Ombre region, offering high-end accommodation and championship golf experience. This was followed in 2019 by the introduction of Kaz'alala, a hosted B&B concept designed to provide culturally immersive stays in restored plantation homes, reflecting the Group's commitment to authentic and inclusive tourism. In July 2025, the hospitality and leisure division of ENL Limited, changed its name from Rogers Hospitality Operations Ltd to ER Hospitality Property Limited following integration of its parent companies, ENL and Rogers into a single unified entity, known as ER Group.

Management: ER Hospitality is overseen by a nine-member board, including seven non-executive (one independent) and two executive directors, offering a strong blend of expertise in hospitality. Two directors are shared with the parent, ER Group Limited. Strategic leadership is provided by Chairman Mr. Phillipe Espitalier Noel, who holds a BSc in Agricultural Economics from the University of Natal and an MBA from London Business School. He is supported by CEO and Executive Director Mr. Montocchio Francois Thierry, in office since 2019, is holder of Bachelor of Commerce and Post Graduate Diploma in Accounting, both from University of Cape Town and is a Member of the South African Institute of Chartered Accountants and the Mauritius Institute of Professional Accountants.

Detailed description of key rating drivers:

Key strengths:

Established group operating 7 leisure hotels and 1 business hotel in Mauritius

ER Hospitality, trading under the name of Heritage and Veranda brands operates a collection of 7 leisure hotels with an aggregate of 789 rooms across prime locations in Mauritius and serving the mid to upscale markets. The Group also operates a 3-star business hotel, the Voila Bagatelle hotel, with 118 rooms, strategically located centrally, at the heart of Mauritius. The Group, well recognized in the hospitality sector in Mauritius, manages two 5-star, three 4-star and two 3-star beachfront resorts, each offering a unique concept both to foreign and local clients. As part of its hotel portfolio, ER Hospitality has two flagship resort in the name of Heritage Awali and Heritage Le Telfair, which are both award winning holiday resorts in Mauritius.

Hotel Portfolio

Name of Hotel	Category	Location	Number of Rooms
Heritage Le Telfair	5 Star	Bel Ombre (South)	158
Heritage Awali	5-star	Bel Ombre (South)	161
Veranda Pointe aux Biches	4 Star	Pointe aux Biches (North West)	115
Veranda Paul et Virginie	4 Star	Grand Gaube (North)	81
Veranda Grand Baie	4 Star	Grand Baie (North)	95
Veranda Palmar Beach	3 Star	Belle Mare (East)	77
Veranda Tamarin Hotel	3 Star	Tamarin (East)	102
Voila Bagatelle	3 Star (business)	Moka (Centre)	118
Total number of rooms			907

Improving occupancy levels and ADR with satisfactory forward bookings

As one of the most well known industry players, ER hospitality, through its Heritage and Veranda brands, has profited greatly from the jump in activity level as demonstrated by its healthy occupancy levels and improving y-o-y ADR. The hotels of ER Hospitality showed strong operational performance, with overall occupancy and average ADR improving in FY25 as compared to the prior year, even in off-peak tourist arrival season. As per normal trends in room rates during the year, higher rates are charged during the peak period from October to December and lower rates during the off-peak period from May to September. Furthermore, being part of a well-established and prestigious hotel chain known for its premium service standards, the 5-star Heritage hotels have strong pricing power. Management remains confident that this positive trajectory will persist, underpinned by confirmed bookings for Q2 FY26, signaling continued strength in occupancy and pricing power across its hotel portfolio.

Favorable location of hotels catering for diverse traveler segments

ER Hospitality operates a diversified hotel portfolio strategically located across Mauritius, capturing demand from multiple traveler segments. Its Veranda Resorts properties are spread across the north (Grand Baie, Pointe aux Biches, Paul & Virginie), east (Palmar), and west (Tamarin), while Heritage Resorts anchor the group's presence in Bel Ombre in the south-west, offering premium resort and golf experiences. In addition, Voilà Hotel at Bagatelle caters to business and transit travelers in the central urban corridor. This geographic spread provides exposure to both vibrant tourism hubs and tranquil, eco-oriented regions, ensuring resilience and broad market appeal. All properties benefit from good connectivity to the international airport and major road networks, strengthening ER Hospitality's competitive positioning in the Mauritian hospitality sector.

Strong and resourceful promoters with long track record of operations

Following completion of the merger of ENL and Rogers groups, ER Hospitality is now a 66% owned subsidiary of NewENLRogers Limited (rebranded as ER Group) (rated CARE MAU A+; Stable), prior to which it was a subsidiary of Rogers and Company Limited. NewENLRogers Limited is a public limited liability company was incorporated on March 10, 2025, and has consolidated all operations and other related investments of both ENL and Rogers across seven segments: 'Agribusiness', 'Real Estate', 'Hospitality & Travel', 'Logistics', 'Finance', 'Commerce & Manufacturing', and 'Technology & Energy', officially listed on the Stock Exchange of Mauritius ("SEM") on the 9th of July 2025.

Rogers and Company Limited was one of the largest Mauritian business groups and was listed on the official stock market and SEMSI. Their expertise and activities covered five segments, namely Finance & Technology, Logistics, Malls, Real Estate & Agribusiness, and Hospitality & Travel, with presence in 12 territories across the globe, employing over 4,800 people.

Improving operational performance at consolidated level

In FY24, with the overall improvement in ADR and occupancy across all hotels across the group, total income increased by 16%, followed by a 10% growth in FY25. With the main hotels under ER Hospitality group being the main profit contributing segments, EBITDA at consolidated level increased in line with the revenue, with the EBITDA margin ranging between 20% to 21% between FY24 to FY25. With regards to PAT, a lower growth of 3% was achieved in FY24 with profits at consolidated level being hampered by persistent losses at Veranda Tamarin. As per FY25 provisional figures, PAT has dropped from MUR 486 million to MUR 399 million, mainly due to exchange losses, higher tax and depreciation expenses. Higher losses amounting to MUR 57 million was also recorded for Veranda Tamarin. PAT margin regressed to 7.38% in FY25 compared to 9.87% in FY24.

Comfortable financial risk profile of the company

At consolidated level, as of June 30, 2025, the company had MUR 2,037 million of outstanding debt constituted mainly of MIC borrowings totalling MUR 1,322 million (of which MUR 100 million for Veranda Tamarin ('VTAM')) and other bank loans of MUR 715 million (MUR 265 million for VTAM). Overall gearing, interest coverage along with debt coverage ratios (Total debt/EBITDA and Total debt/ GCA) all improved from 2.35x and 2.62x to 1.88x and 2.44x respectively.

Favorable hospitality sector prospects in Mauritius

The hotel industry in Mauritius has been a key pillar of the economy over the past two decades, contributing an average of 8% directly and 20%–25% indirectly to the country's GDP. In 2024, Mauritius recorded approximately 1.4 million tourist arrivals, with the same figure expected for 2025. For the first eight months of FY25, the number of tourists reached 903,606, an increase from 869,347 during the same period of FY24 After facing significant setbacks due to the Covid crisis, the industry has nearly returned to pre-pandemic levels. Tourism earnings up to 7MFY25 totalled MUR 55,248 million, reflecting a growth from MUR 51,296 million for the same period in FY24 (7MFY24). At the end of June 2025, Mauritius had 111 licensed hotels, of which one was temporarily closed, five were under renovation. The average occupancy rate for the first semester of 2025 stood at 70%, slightly higher compared to 69% in first semester of 2024.

Key weaknesses:

Refinancing Risk upon maturity of bank facility in FY31

The proposed bank facility will be serviced primarily from the operational cash flows of the different hotels under the ER Hospitality group. The cash coverage ratio will remain above unity throughout the duration of the bank facility with only interest payments to be effected, except for at maturity in FY31, whereby the company will have to make a bullet repayment of the outstanding amount of MUR 2,100 million. ER Hospitality would be likely to refinance the outstanding balance through a bond issue/ new bank facility of, in addition to using operational cash flow during the year. In case the company is unable to refinance, ER Hospitality is expected to be able to service the debt through its available cash balance.

Environmental risk associated with island nation

The properties of Heritage and Veranda Hotels are located on the seafront, making it potentially vulnerable to changing climatic conditions, in essence sea level rise, amongst others. As reported in the Special Investing Report of Mauritius by Financial Times, sea levels in Mauritius are increasing at an average rate of 5.6mm a year which is a particular danger to the hotels located near the sea. This in turn may affect the tourism sector of the country.

Summary of financial performance of ER Hospitality Property Limited (Consolidated) **MUR 'Million**

Year ended/ as on 30 June	FY23	FY24	FY25
12M	**Audited**	**Audited**	**Provisional**
Total Income	4,231	4,919	5,405
EBITDA	881	995	1,081
Depreciation	318	408	436
Interest	117	120	113
PBT	556	583	531
PAT	473	486	399
Gross Cash Accruals (GCA)	790	894	835
Dividend paid/proposed	163	314	297
Financial Position			
Equity share capital	1,521	1,521	1,521
Tangible net worth	3,733	3,902	3,986
Total debt	2,572	2,339	2,037
Cash & Bank balances	823	573	520
Key Ratios			
Profitability (%)			
EBITDA margin (%)	20.82	20.24	20.01
PAT margin (%)	11.17	9.87	7.38
ROCE- operating (%)	7.58	7.43	8.11
RONW (%)	13.26	12.72	10.12
Solvency			
Overall gearing ratio (Times)	0.69	0.60	0.51
Total Debt/ GCA (Times)	3.25	2.62	2.44
Total Debt/ EBITDA (Times)	2.92	2.35	1.88
Interest coverage (Times)	7.51	8.30	9.54

Adjustments

1. Gross Cash Accruals (GCA) is calculated as PAT+ Depreciation + deferred tax+ other non-cash expenditure.
2. Overall Gearing ratio is calculated as total debt (long term and short-term debt)/Tangible Networth.
3. Total debt is inclusive of MIC convertible secured bonds

Annexure I

Details of Rated Facilities

Facility	Amount (MUR million)	Indicative Repayment
Proposed Bank Facility – Term Loan	2,100	Bullet repayment in FY31
Use of proceeds	The breakdown of the proceeds from the MUR 2,100 million is as follows: • **MUR 1,300 million** - Repayment of MIC loan ER Hospitality Property Ltd • **MUR 100 million** – Repayment of MIC loan Veranda Tamarin Ltd • **MUR 700 million –** Other project costs	

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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 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.

Contact us

Contact
Name : Mr. Saurav Chatterjee
Title : Chief Executive Officer
Phone : + 230 5862 6551
E-mail : saurav.chatterjee@careratingsafrica.com

Analytical contact
Name : Mr. Vidhyasagar Lingesan
Title : Chief Rating Officer
Phone : +230 5273 1406
E-mail : vidhya.sagar@careratingsafrica.com

Name : Mr. Naveen Kumar D.
Title : Rating Head
Phone : +230 5955 3060
E-mail : Naveen.Kumar@careratingsafrica.com

Name : Ms Pooja Appadoo
Title : Group Head
Phone : +230 5955 3060
E-mail : pooja.appadoo@careratingsafrica.com

Name : Mr Adarsh Bahadoor
Title : Rating Analyst
Phone : +230 5955 3060
E-mail : adarsh.bahadoor@careratingsafrica.com

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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 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.