

refreshingly different



August 18, 2020

**National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051**

**BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001**

NSE Scrip Symbol: LEMONTREE

BSE Scrip Code: 541233

Ref: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir

Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015, we would like to inform you that the management of Lemon Tree Hotels will be participating online in the Kotak India Consumer Conference organized by Kotak Institutional Equities with analysts/institutional Investors, on Thursday, 20th August, 2020.

In this regard, the Corporate Presentation is attached herewith.

The above is for your record.

Thanking You

For Lemon Tree Hotels Limited

A handwritten signature in black ink, appearing to read "Nikhil Sethi", with a horizontal line underneath it.

**Nikhil Sethi
Group Company Secretary & GM Legal
& Compliance Officer**

Lemon Tree Hotels Limited

Kotak India Consumer Conference

20th August, 2020



aurika
HOTELS & RESORTS

UPSCALE


lemon tree
PREMIER

UPPER MIDSCALE


lemon tree
HOTELS

MIDSCALE


redfox
BY LEMON TREE HOTELS

ECONOMY

keys
PRIMA HOTELS

UPPER MIDSCALE

keys
SELECT HOTELS

MIDSCALE

keys
LITE HOTELS

ECONOMY

Connect with us     

Disclaimer

Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

Lemon Tree Hotels Limited (LTH) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.





Aurika, Udaipur








Lemon Tree Premier, Mumbai



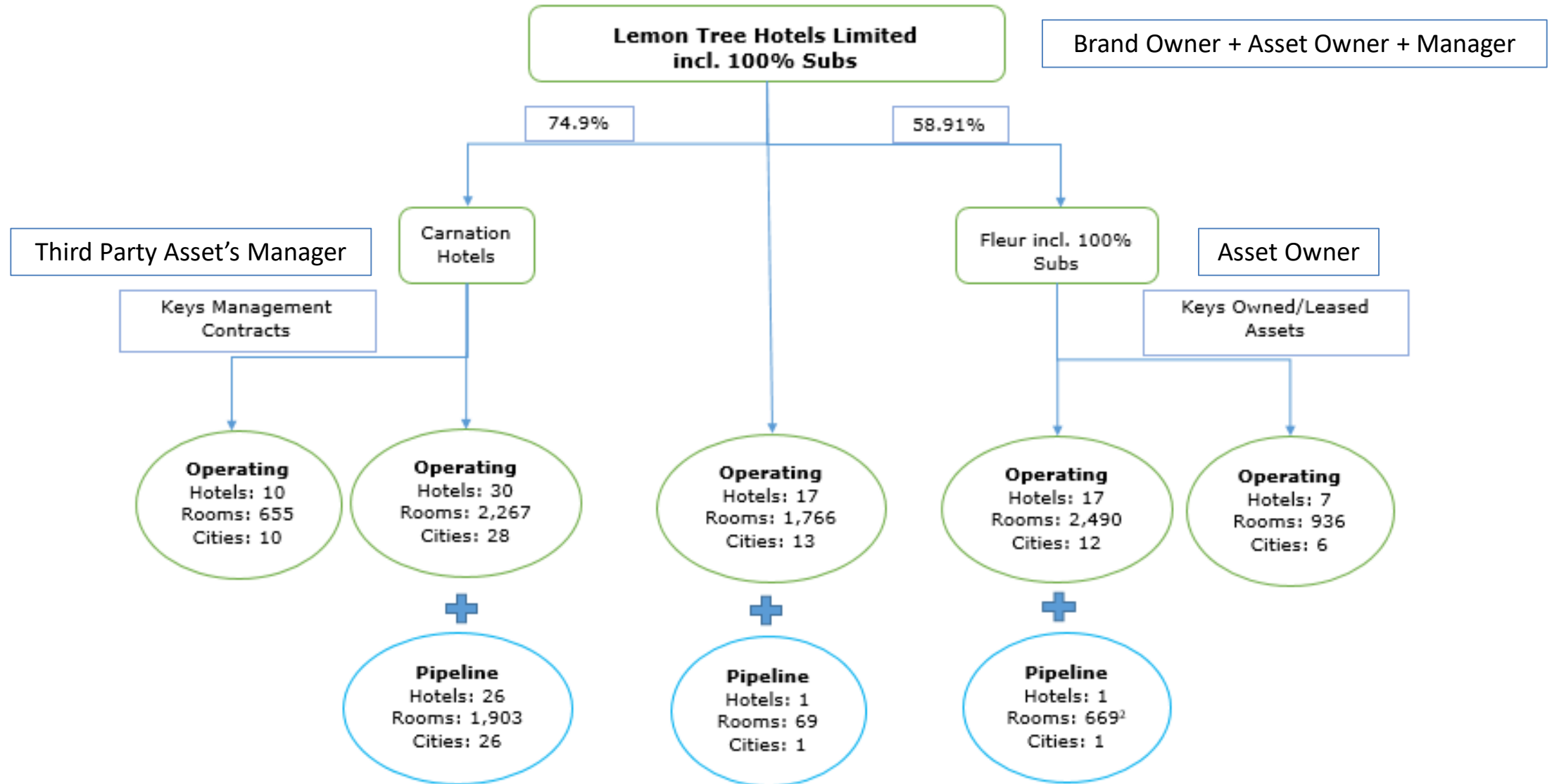
Lemon Tree Vembanad Lake, Alleppey, Kerela

Company Overview and Growth Plans

Lemon Tree – Journey so far

| | | FY05 | FY10 | FY15 | FY20 |
|--|-----------------|------|-------|-------|-------|
|  | Brands | 1 | 3 | 3 | 7 |
|  | Cities | 1 | 11 | 15 | 48 |
|  | Hotels | 1 | 12 | 26 | 80 |
|  | Rooms | 49 | 1,149 | 3,062 | 8,006 |
|  | Revenue (Rs mn) | 80 | 1,196 | 2,904 | 6,694 |

Lemon Tree Group Structure



Notes :-

1. The Pipeline of hotels is as of 13th August 2020
2. LTH is in the process of applying to convert some commercial spaces in Aurika, MIAL hotel to rooms. This will increase the hotel's inventory by 92 rooms to 669

Strategically positioned in key geographies with Lemon Tree share of total mid-priced hotel sector

Jaipur: FY20 – 5.2%
FY24E – 3.5%

Ahmedabad: FY20 – 5.4%
FY24E – 3.3%

Mumbai: FY20 – 3.2%
FY24E – 6.4%

Pune: FY20 – 9.4%
FY24E – 8.4%

Goa: FY20 – 4.9%
FY24E – 4.3%

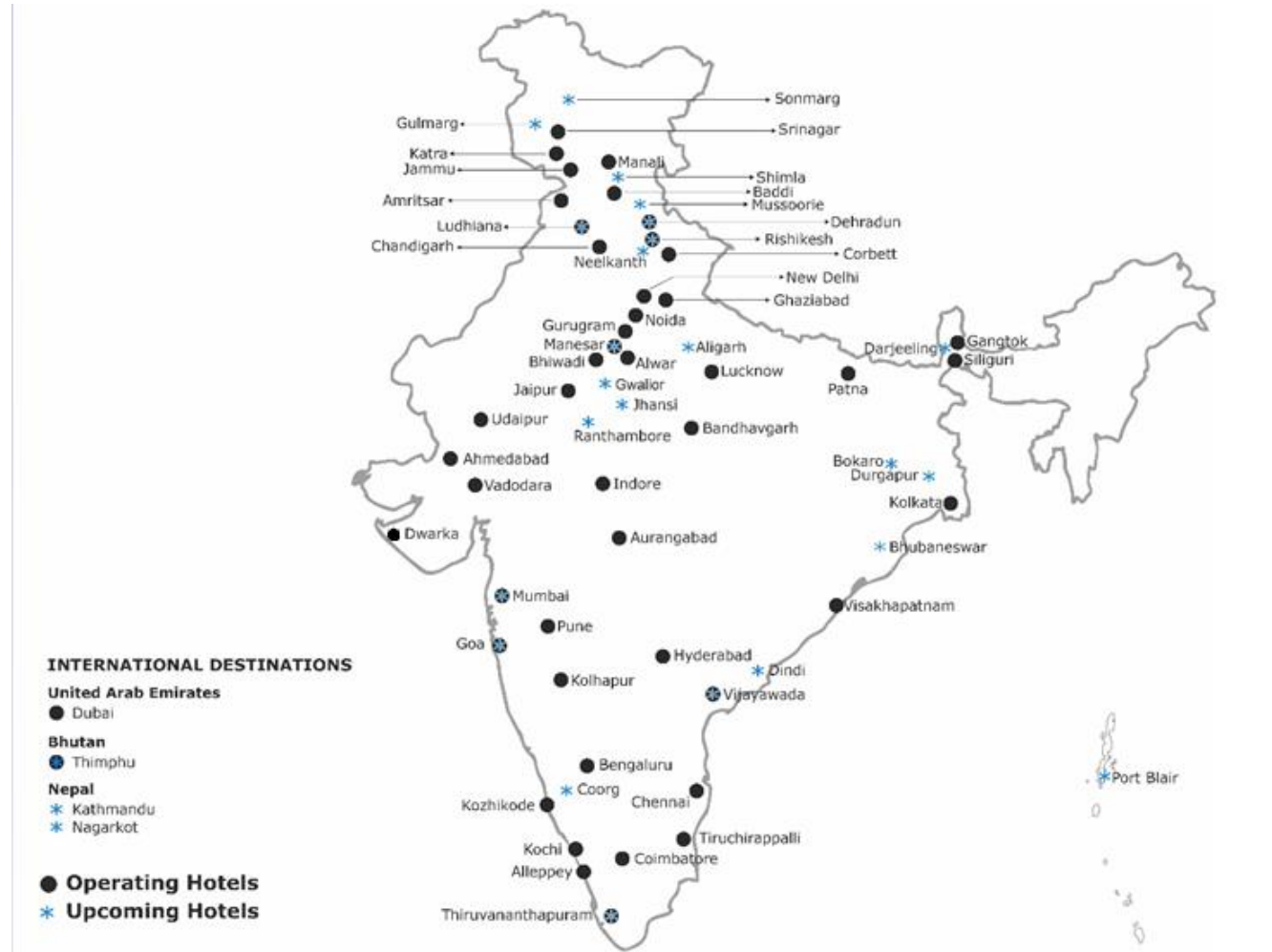
Bengaluru: FY20 – 6.1%
FY24E – 4.6%

Delhi NCR: FY20 – 6.8%
FY24E – 7.1%

Kolkata: FY20 – 3.8%
FY24E – 2.6%

Hyderabad: FY20 – 9.5%
FY24E – 7.5%

Chennai: FY20 – 1.9%
FY24E – 1.9%



Source : Hotelivate Trends and Opportunities report 2019

Note: The FY24 expected market share has been calculated on the basis of current pipeline on hotels only

Map updated as of 13th August, 2020

Lemon Tree – Snapshot as on 13th August, 2020



Current (17% of Branded Mid Market Hotels in India*)

**8,114
rooms;
81 hotels**



Pipeline

**2,651
rooms;
28 hotels**



By CY22 (20% of Branded Mid Market Hotels in India*)

**10,765
rooms;
109 hotels**

| Brand | Current | Pipeline | by CY22 |
|----------------------------|------------------------|---------------------------------|------------------------|
| Aurika | 139 Rooms, 1 Hotel | 669 Rooms, 1 Hotel [#] | 808 Rooms, 2 Hotels |
| Lemon Tree Premiere | 2,315 Rooms; 16 Hotels | 309 Rooms; 4 Hotels | 2,624 Rooms; 20 Hotels |
| Lemon Tree Hotel | 2,646 Rooms; 35 Hotels | 1,553 Rooms; 21 Hotels | 4,199 Rooms; 56 Hotels |
| Red Fox Hotel | 1,423 Rooms; 12 Hotels | 80 Rooms; 1 Hotel | 1,503 Rooms; 13 Hotels |
| Keys | 1,591 Rooms; 17 Hotels | 40 Rooms; 1 Hotel | 1,631 Rooms; 18 Hotels |

*Source : Hotelivate – The Ultimate Indian Travel Hospitality Report 2019, Horwah HTL India Market Review 2018

[#]Aurika, Mumbai International Airport is in process of getting approval to increase the number of rooms to 669 rooms in place of the existing approval of 577 rooms.

Lemon Tree Brand Standards – Linked to Business Model

| LT Brand Standards | | | | |
|-------------------------|--------------------------|-----------------------|-------------------------------------|--|
| | Owned (Built to suit) | Leased (Renovated) | Managed ¹ (Renovated) | Most Unbranded ² Mid-Market Hotels |
| Product Features | 10/10 | 8/10 | 6-8/10 | 2-4/10 |
| Service Features | 10/10 | 10/10 | 8/10 | 5/10 |
| Planned Branding | Aurika/LTP/LTH/RFH | Aurika/LTP/LTH/RFH | Aurika/LTP/LTH/RFH | Keys Prima/Select/Lite |

Notes :-

1. 25% of the Market
2. 75% of the Market

Hotel Inventory by Segment and Lemon Tree Brand Positioning

| Segment | Inventory | Lemon Tree Brand Positioning |
|--------------------------|-----------|------------------------------------|
| Luxury and Upper Upscale | 50,000 | - |
| Upscale | 28,000 | Aurika |
| Mid Market | 45,700 | LTP/LTH/RFH/Keys Prima/Select/Lite |
| Economy | 17,000 | - |
| Unbranded Standalone | 250,000 | LTP/LTH/RFH |
| | 1,750,000 | Keys Prima/Select/Lite |

Our Aim is to Consolidate i.e. Target the unbranded 2mn rooms and bring them into branded space

Expansion Plans – Hotels under Development

| Under-development hotels | Type | Rooms | Expected Opening date | Ownership (%) |
|--|-------|------------|-----------------------|---------------|
| Lemon Tree Mountain Resort, Shimla | Owned | 69 | TBD | 100.00% |
| Lemon Tree Vembanad Lake Resort, Alleppey, Kerela ¹ | Owned | 10 | TBD | 100.00% |
| Aurika, Intl. Airport, Mumbai ² | Owned | 669 | End of CY22 | 57.98% |
| Total | | 748 | | |

* Total estimated project cost is Rs. 9,910 million

* Total capital deployed/capital expenditure already incurred (i.e. CWIP + Security Deposit for leased assets under-development + Land Capitalised + Capital advances – Capital creditors) as on 30th June, 2020 is Rs. 3,226 million

Notes: 1) Expansion in existing hotel.

2) Aurika, Mumbai International Airport is in process of getting approval to increase the number of rooms to 669 rooms in place of the existing approval of 577 rooms.

Expansion Plans – Pipeline of Management Contracts (as of 13th August, 2020)

| Management Contracts Pipeline | Rooms | Expected Opening date | Tenure (years) |
|---|--------------|-----------------------|----------------|
| Lemon Tree Hotel, Baga, Goa | 44 | Oct-20 | 15 |
| Lemon Tree Premier, Bhubaneshwar | 76 | Jan-21 | 10 |
| Lemon Tree Hotel, Jhansi | 60 | Nov-20 | 12 |
| Lemon Tree Premier, Vijaywada | 120 | Dec-20 | 12 |
| Lemon Tree Hotel, Aligarh | 68 | Dec-20 | 12 |
| Red Fox Hotel, Neelkanth | 80 | Jan-21 | 12 |
| Lemon Tree Hotel, BKC, Mumbai | 70 | Jan-21 | 15 |
| Keys Prima, Dehradun | 40 | Feb-21 | 15 |
| Lemon Tree Premier, Coorg | 63 | Mar-21 | 15 |
| Management Rooms to be Operational in FY21 | 621 | | |
| Lemon Tree Resort, Mussoorie | 40 | May-21 | 15 |
| Lemon Tree Hotels, Nagarkot, Nepal | 51 | Sep-21 | 10 |
| Lemon Tree Hotel, Bokaro | 70 | Sep-21 | 10 |
| Lemon Tree Hotel, Kathmandu | 75 | Sep-21 | 10 |
| Lemon Tree Hotel, Trivandrum | 100 | Sep-21 | 10 |
| Serviced Suites, Manesar | 260 | Sep-21 | 10 |
| Lemon Tree Resort, Thimpu | 38 | Oct-21 | 10 |
| Lemon Tree Hotel, Rishikesh | 102 | Oct-21 | 15 |
| Lemon Tree Hotel, Ludhiana | 60 | Oct-21 | 10 |
| Lemon Tree Hotel, Gulmarg | 35 | Oct-21 | 10 |
| Lemon Tree Hotel, Agra | 62 | Jan-22 | 10 |
| Lemon Tree Hotel, Darjeeling | 55 | Apr-22 | 15 |
| Lemon Tree Hotel, Sonamarg | 40 | Uncertain | 10 |
| Lemon Tree Hotel, Ranthambore | 60 | Uncertain | 10 |
| Lemon Tree Premier, Dindy | 50 | Uncertain | 10 |
| Lemon Tree Hotel, Durgapur | 80 | Uncertain | 10 |
| Lemon Tree Hotel, Gwalior | 104 | Uncertain | 10 |
| Total Pipeline | 1,903 | | |

Note: The dates are under the best case scenario and as per latest update from owners based on their lines of credit



Lemon Tree Hotel, Aurangabad



Lemon Tree Hotel, Gachibowli,
Hyderabad




Lemon Tree Hotel, Vadodara

Differentiated business model of Lemon Tree (LTH)

The Business Model | Mid-cycle

Lemon Tree's ROCE is > 1.5x of a typical 5 star hotel in India

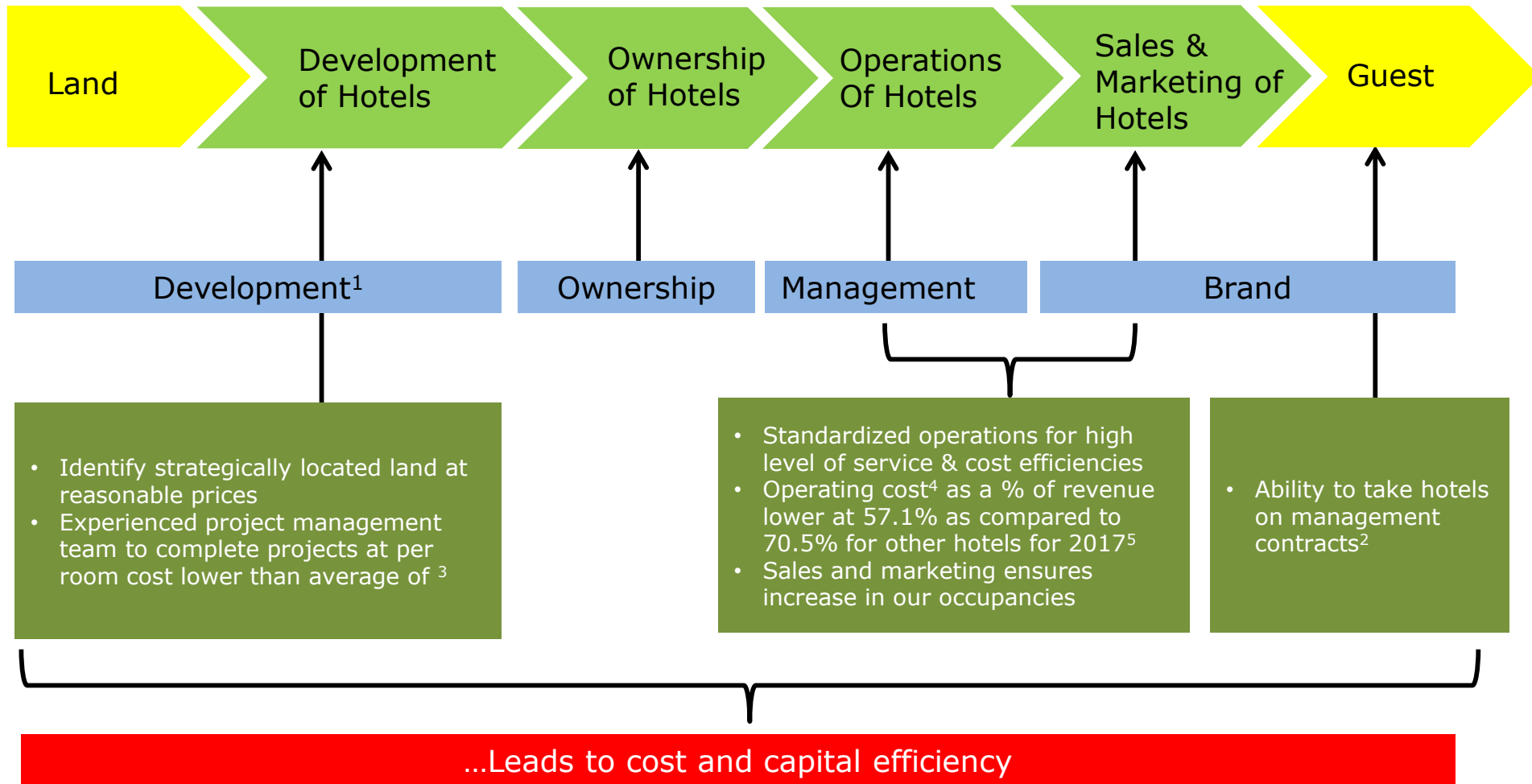
| | Typical 5 star |  Lemon Tree HOTELS | |
|-----------------------------------|----------------|---|----------------------------|
| Cost Per Room (Normalised) | 1000 | 400 | ~40% of Five Star |
| Rate (Normalised) | 100 | 50 | |
| Occupancy | x% | 1.2x% | |
| Room Revenue (Normalised) | 100 | <u>60</u> | ~60% of Five Star |
| Total Revenue (Normalised) | 100 | <u>50</u> | Lower other income for LTH |
| Cost (Normalised) | 65 | <u>25</u> | ~40% of Five Star |
| EBITDA (Normalised) | 35 | <u>25</u> | |
| RoCE | x | <u>1.7x</u> | |

Process

Presence across value chain



Focus on culture & service differentiation with focus on domestic travellers



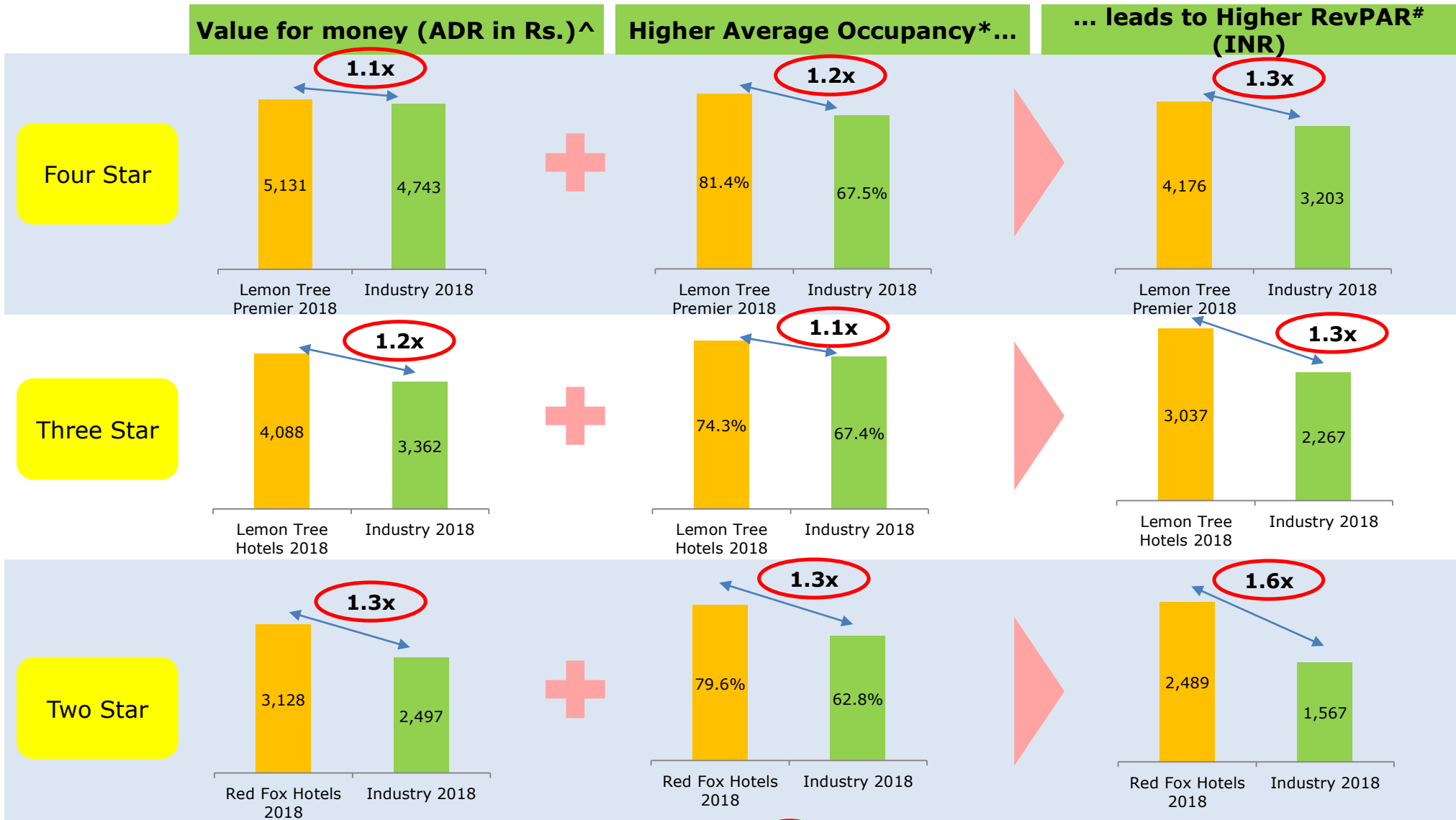
Note: 1. Through subsidiary Grey Fox Project Management
2. Through subsidiary Carnation
3. For Select Hotels for the same period, according to a survey conducted by HVS (India - 2016 Hotel Development Cost Survey)
4. For owned and leased hotels
5. Source : FHRAI-Indian-Hotel-Survey-2016-17

Customers

Value for money pricing

Occupancy (Utilization) Premium

RevPAR (Revenue per room) Premium



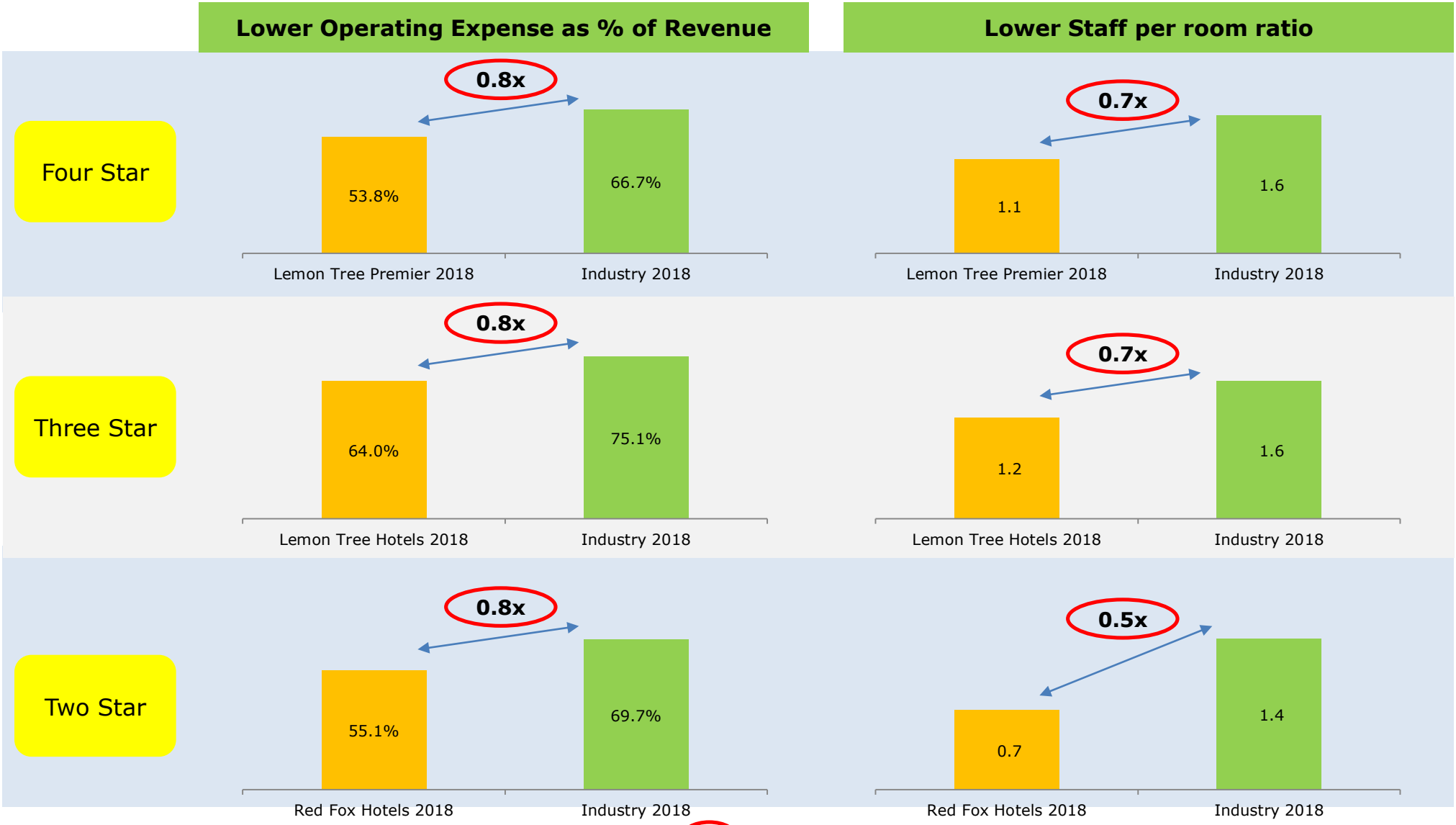
○ Lemon Tree/Industry

Source : Industry data is sourced from Hotelivate – Trend and Opportunities Report - 2019.
[^] Average Daily room rent; *Average occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel or group of hotels; #RevPAR is calculated by multiplying ADR and average occupancy, where ADR represents revenue from room rentals divided by total number of room nights sold at our owned and leased hotels (including rooms that were available for only a certain portion of a period)

Cost

Lower Average Operating Expenses/ Room

Higher GOP^



Lemon Tree/Industry

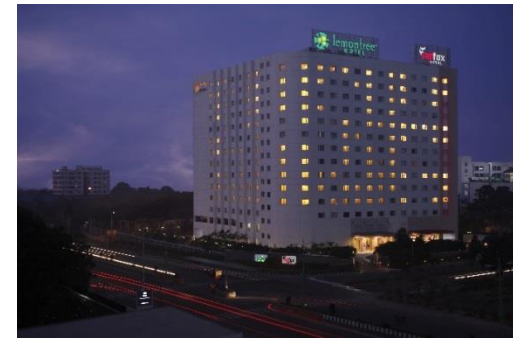
Source : Industry data is sourced from FHRAI-Indian-Hotel-Survey-2017-18. Due to operational disruptions, FHRAI has not been able to publish FY19 numbers, hence showing comparison for FY18



Lemon Tree Amarante Beach, Goa



Lemon Tree Premier, Corbett

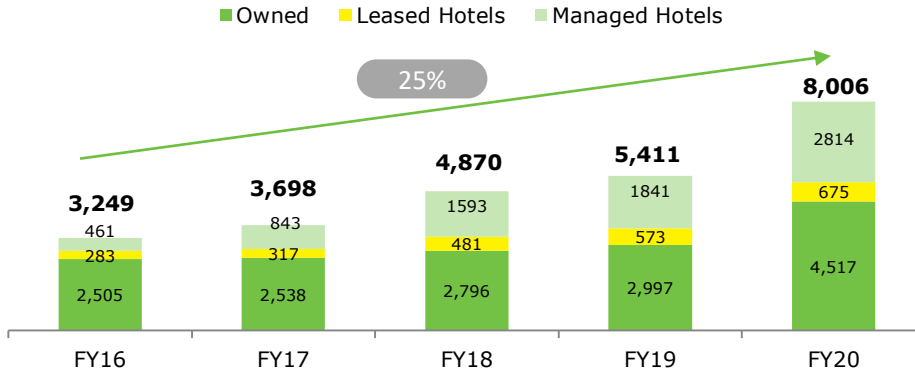


Lemon Tree Premier, Hyderabad

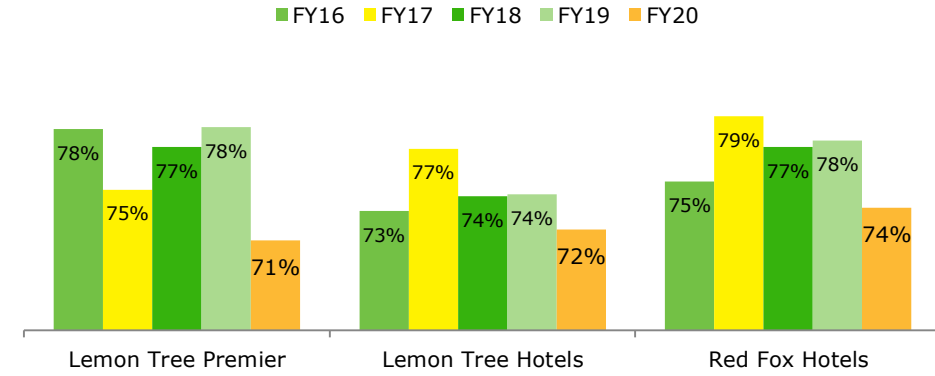
Strong Operating and Financial Performance

Strong operating performance

Rooms are being added...

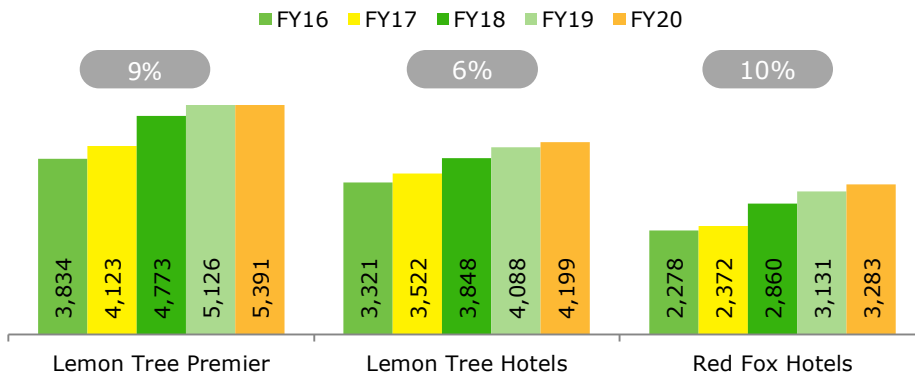


...and occupancy levels increasing...

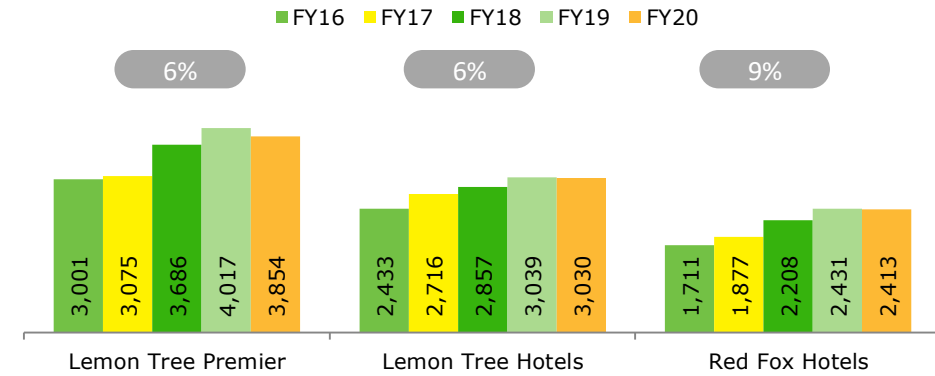


Note: Drop in occupancy levels is on account of new owned/leased supply addition by Lemon Tree in FY20 and COVID-19

...coupled with increasing ADR...



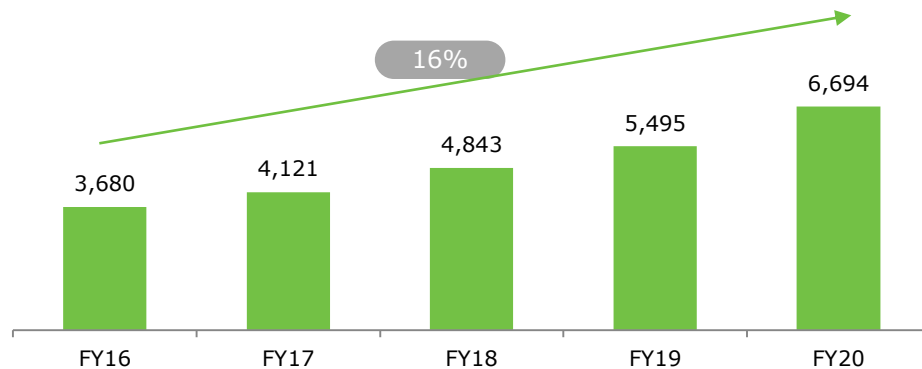
...leading to a RevPAR growth



Strong Growth and improving margins

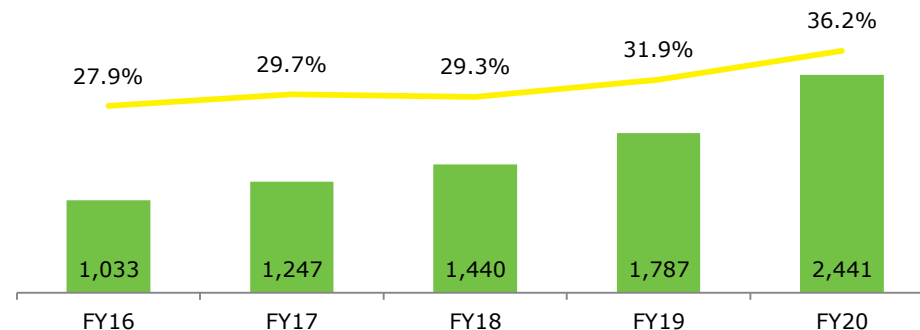
Revenue has increased at 20% over the last 5 years...

Revenue from operations (Rs. million)



...coupled with increasing EBITDA margins

EBITDA & EBITDA margins



Increasing cash profit* growth

Cash Profit (PAT + Depreciation) (Rs. million)



Gearing low

Debt/Equity



Note: FY16 figures are from Lemon Tree Prospectus. FY17, FY18, FY19 and FY20 figures are from audited balance sheet.

Operational Performance by Ageing – FY20 vs. FY19

| Parameters | Financial year | Adult Hotels (Stable - older than 3 years) | Toddler Hotels (Stabilizing - between 1-3 years old) | Infant Hotels (New - less than 1 year old) | Under-development hotels |
|---|----------------|---|---|---|---|
| Hotels ¹ | FY20 | 24 | 6 | 11 | 2 |
| | FY19 | 21 | 7 | 2 | |
| Operating Rooms (year-end) | FY20 | 2,855 | 715 | 1,622 | 748 |
| | FY19 | 2,727 | 551 | 292 | |
| Occupancy Rate (%) | FY20 | 75.2% | 67.1% | 56.4% | Deep demand markets (high occupancies) |
| | FY19 | 79.2% | 69.9% | 36.3% | |
| Average Daily Rate (Rs.) | FY20 | 4,399 | 4,027 | 4,438 | 2.0x of Adult Hotels in that year* |
| | FY19 | 4,197 | 4,082 | 4,200 | |
| Hotel level EBITDAR ² /room (Rs. Lacs) | FY20 | 6.9 | 5.5 | 2.3 | High* |
| | FY19 | 7.2 | 4.9 | 1.1 | |
| Hotel level EBITDAR ² Margin (%) | FY20 | 44% | 39% | 39% | High* |
| | FY19 | 44% | 33% | 40% | |
| Hotel level ROCE ³ (%) | FY20 | 12% | 5% | 2% | 1.5x of Adult Hotels in that year* |
| | FY19 | 13% | 4% | 1% | |

Notes:

1) During the year FY20 3 hotels moved from toddler to adult category, 2 hotels moved from infant to toddler category and 11 new hotels entered into the infant category

2) Hotel level EBITDAR measures hotel-level results before lease rentals, debt service, depreciation and corporate expenses of the owned/leased hotels, and is a key measure of company's profitability

3) Hotel level RoCE is calculated as : (Hotel level EBITDAR - lease rentals)/Capital deployed for operational owned & leased hotels

* Post stabilization.

Individual Progression of 4 latest Adult Hotels from Infant to Toddler to Adult

| | Date of Opening | FY15 | FY16 | FY17 | FY18 | FY19 | CAGR |
|---------------------------|-----------------|------------|---------|---------|-------|-------|-------|
| LTP Aerocity Delhi | Dec-FY14 | Infant | Toddler | Toddler | Adult | Adult | |
| Inventory | | <u>145</u> | 280 | 280 | 280 | 280 | |
| Occupancy | | 84.2% | 82.0% | 75.7% | 82.8% | 85.5% | |
| ARR | | 3,114 | 3,612 | 3,876 | 4,405 | 5,626 | 15.9% |
| RevPAR | | 2,622 | 2,963 | 2,932 | 3,647 | 4,809 | 16.4% |
| EBITDA/Room | | 2.4 | 6.7 | 7.6 | 10.1 | 11.5 | 48.6% |
| EBITDA Margin | | 13.5% | 40.8% | 41.8% | 47.3% | 47.5% | |
| RFH Aerocity Delhi | Dec-FY14 | Infant | Toddler | Toddler | Adult | Adult | |
| Inventory | | <u>197</u> | 207 | 207 | 207 | 207 | |
| Occupancy | | 73.5% | 87.4% | 81.3% | 86.0% | 88.9% | |
| ARR | | 2,183 | 2,250 | 2,418 | 3,137 | 4,082 | 16.9% |
| RevPAR | | 1,604 | 1,966 | 1,966 | 2,697 | 3,629 | 22.6% |
| EBITDA/Room | | 2.4 | 3.2 | 3.8 | 6.1 | 7.4 | 32.2% |
| EBITDA Margin | | 28.6% | 33.0% | 37.6% | 46.1% | 47.3% | |

| | Date of Opening | FY15 | FY16 | FY17 | FY18 | FY19 | CAGR |
|---------------------------------|-----------------|--------|---------|---------|-------|-------|-------|
| LTH Whitefield Bangalore | Jul-FY14 | Infant | Toddler | Toddler | Adult | Adult | |
| Inventory | | 130 | 130 | 130 | 130 | 130 | |
| Occupancy | | 47.5% | 70.6% | 79.8% | 76.9% | 82.7% | |
| ARR | | 2,681 | 2,745 | 3,065 | 3,393 | 3,981 | 10.4% |
| RevPAR | | 1,274 | 1,938 | 2,445 | 2,610 | 3,293 | 26.8% |
| EBITDA/Room | | 1.6 | 4.3 | 5.9 | 5.7 | 6.9 | 43.9% |
| EBITDA Margin | | 22.2% | 41.0% | 47.0% | 43.9% | 46.4% | |
| LTH Gachibowli Hyderabad | Nov-FY15 | Infant | Toddler | Toddler | Adult | | |
| Inventory | | 190 | 190 | 190 | 190 | | |
| Occupancy | | 61.6% | 75.9% | 73.9% | 82.9% | | |
| ARR | | 2,864 | 2,913 | 3,128 | 3,828 | | 10.2% |
| RevPAR | | 1,764 | 2,212 | 2,311 | 3,175 | | 21.6% |
| EBITDA/Room | | 4.4 | 6.0 | 6.0 | 7.6 | | 19.8% |
| EBITDA Margin | | 46.2% | 50.2% | 48.1% | 50.3% | | |

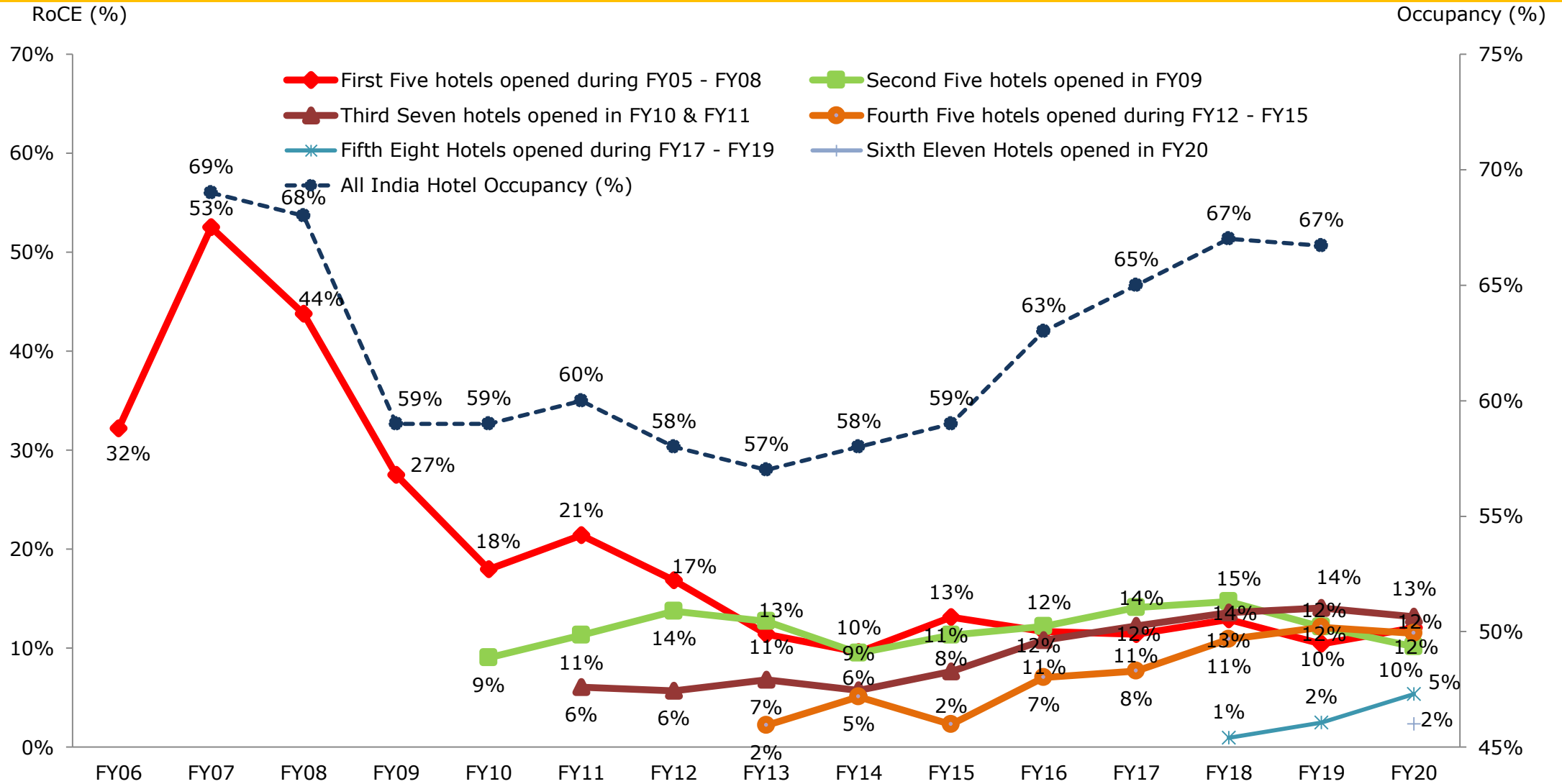
RevPAR (not ARR or Occupancy) is the Key Metric

Aggregate Progression of 4 latest Adult Hotels from Infant to Toddler to Adult

| | FY15 | FY16 | FY17 | FY18 | FY19 | CAGR |
|------------------|--------|---------|---------|-------|--------|-------|
| Aggregate | Infant | Toddler | Toddler | Adult | Adult | |
| Inventory | 472 | 807 | 807 | 807 | 807 | |
| Occupancy | 69.6% | 76.7% | 77.8% | 80.6% | 85.3% | |
| ARR | 2,622 | 2,945 | 3,130 | 3,627 | 4,545 | 14.7% |
| RevPAR | 1,826 | 2,260 | 2,436 | 2,922 | 3,877 | 20.7% |
| EBITDA/Room | 2.2 | 4.9 | 6.0 | 7.4 | 8.8 | 41.8% |
| EBITDA Margin | 20.0% | 40.3% | 43.5% | 46.7% | 47.8% | |
| LTH Focus | Occ. | Occ. | Occ. | ARR | RevPAR | |

Once fully stabilized, RevPAR drives operating leverage

Lemon Tree Hotels RoCE : Hotel Buckets by opening 2006-20



Notes:

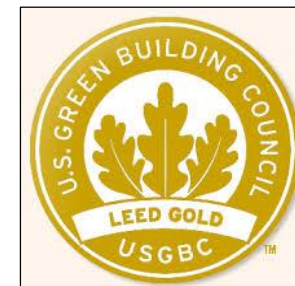
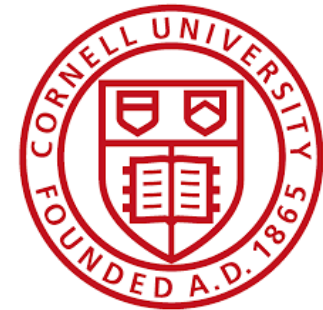
1. Hotel level RoCE is calculated as : (Hotel level EBITDAR - lease rentals)/Capital deployed for operational owned & leased hotels
2. Hotel RoCE is based on first full year of operation

Source : Industry occupancy is taken from Horwath HTL report.

Recognition and awards through the years



- ❖ **Ranked 4th in India and the only hotel chain in the top 10 Best Companies to Work for in India in 2017** by the Great Place to Work institute
- ❖ **Ranked 12th in Asia's Best Large Workplaces and the only Indian company in the top 15 in 2018** by the Great Place to Work institute
- ❖ National Award for Empowerment of Persons with Disabilities – 2011, 2012 and 2016
- ❖ Received the **5th IGBC Green Champion** award under the category **“Organization Leading the Green Building Movement in India (Commercial)”**

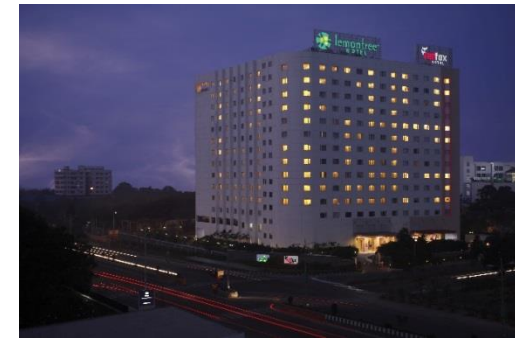




Lemon Tree Amarante Beach, Goa



Lemon Tree Premier, Corbett



Lemon Tree Premier, Hyderabad

CoVID-19 Impact and Risk Mitigation Strategy

Operational Impact

- * Almost 58% of our owned/leased rooms were operational in April following the directives regarding the lockdown released by various state governments.
- * 37.4% occupancy in our operational owned/leased hotels - mostly from quarantine guests, doctors, nurses, healthcare workers and corporate guests for business continuity planning in April 2020
- * Operational pick up seen in May and June
- * Due to partial lifting of lockdown in some states, 72% and 86% of our owned/leased rooms became operational in May and June respectively. The occupancy was north of 40% in both May and June
- * Hotel operations were impacted due to restrictions on movement of employees and supply of raw material & room amenities

Financial Impact

- * Revenue from operations in Q1 FY21 was down by 71.1% YoY. However, a gradual pickup was seen from Rs 10.9 Cr Revenue in April to Rs 15.8 Cr Revenue in June
- * Revenue contribution from F&B outlets and Banquets was negligible except for a minor contribution from In Room Dining.
- * Significant impact on EBITDA due to reduced revenue. However due to significant cost control we managed to achieve Rs 7.5Cr EBITDA
- * Moratorium allowed by RBI has been availed to preserve cash
- * Cash outflow for construction of Aurika MIAL and LT Resort Shimla got deferred due to restriction on construction which may resume in early to mid H2 FY21

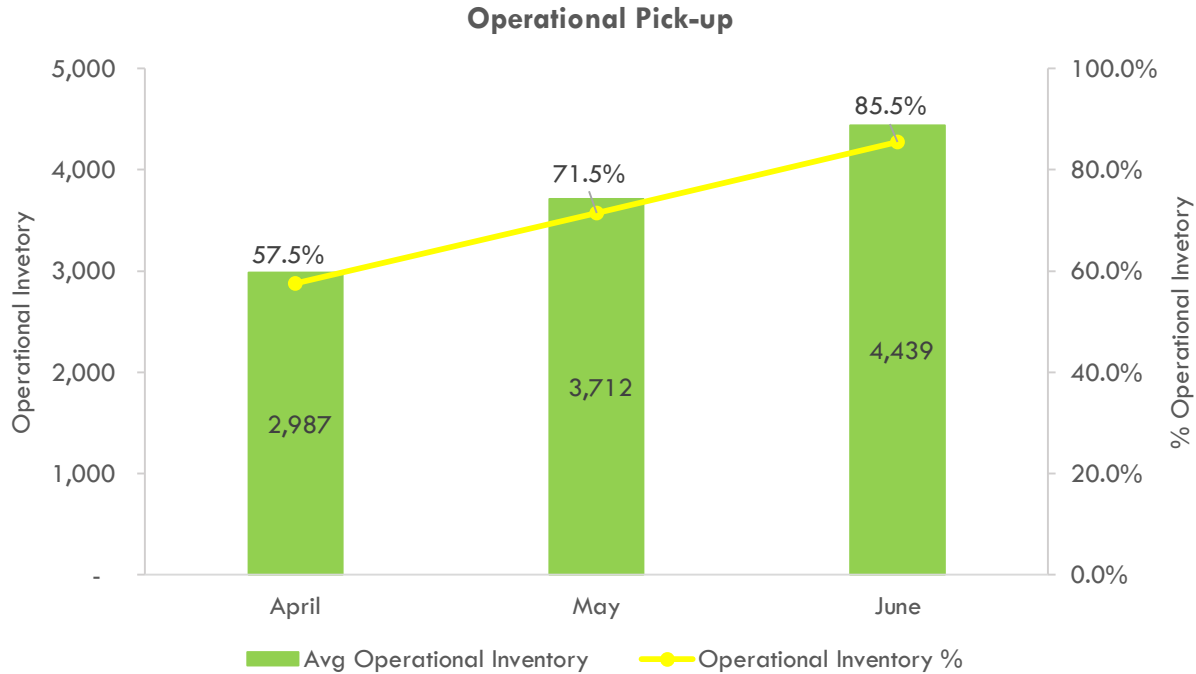
Cost Control

- * Hiring freeze. Significant salary cuts taken at leadership levels (min 50%) to ensure no permanent hotel staff were laid off
- * Power & Fuel expenses drastically reduced due to tight control on units consumed and waiver on fixed charges provided by some state electricity boards
- * Renegotiated lease rentals, annual maintenance contracts, IT contracts etc. to get waiver for the Q1/H1 FY21
- * Repairs and Maintenance capital expenditure frozen with only minimal expense for operations
- * All discretionary spends like advertising, leased cars, etc. paused
- * Careful monitoring of all costs undertaken to achieve positive Net EBITDA level in Q1 FY21

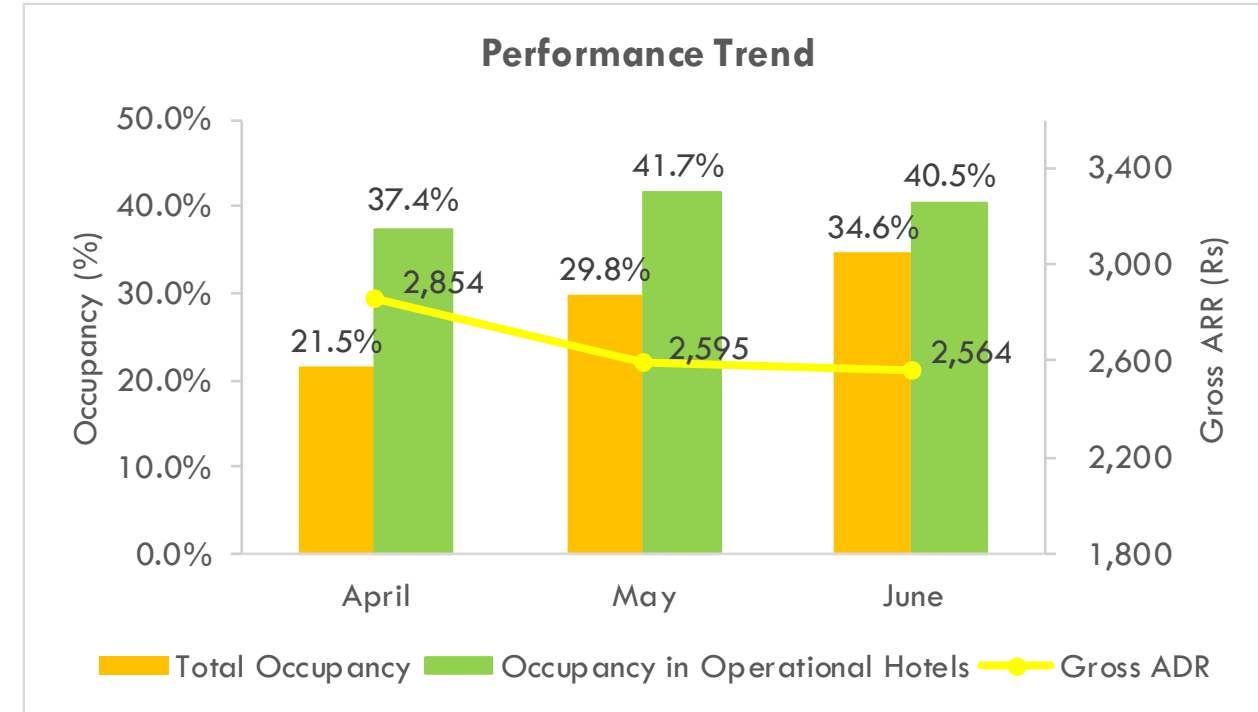
Enhanced Hygiene and Safety

- * Regular sanitization of all our hotels
- * Temperature checks done using non contact thermometers for employees, visitors and guests at the time of entering hotel premises
- * Mandating employees to wash/sanitize hands very frequently
- * Over 100 SOPs implemented including on how to attend asymptomatic guests availing quarantine in our hotels and PPE kits made available for hotel staff attending such guests
- * Appropriate measures taken at hotels to ensure social distancing between hotel staff, visitors and guests
- * Protocols related to air-conditioning implemented to prevent any air-flow from one room to another

Increasing Operational Inventory

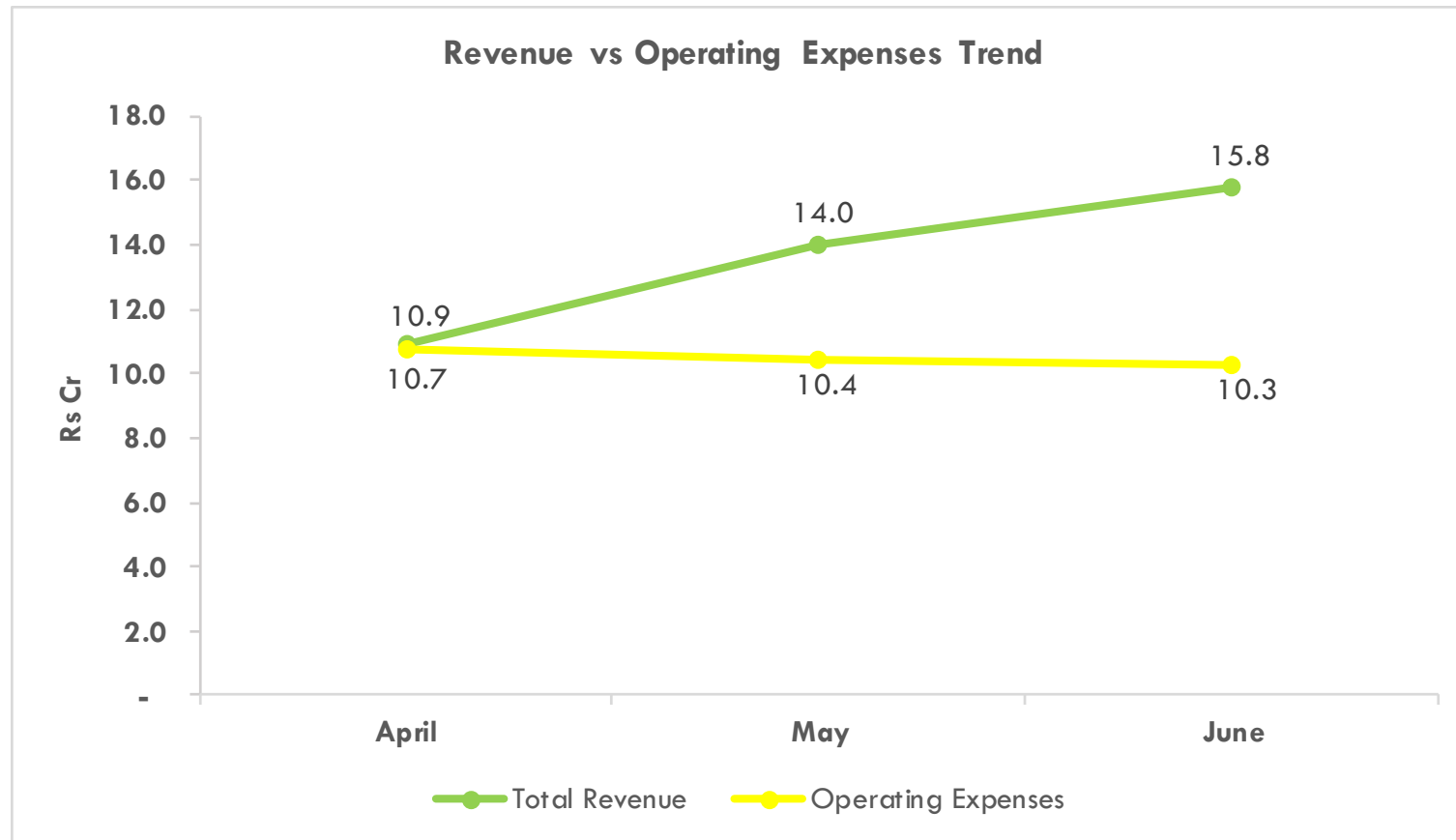


Rising Occupancy Levels From March End Lows



Trends for the 5,192 owned/leased rooms

Constantly Improving Operating Efficiency



Notes:

1. Total Revenue includes Revenue from Owned and Leased hotels and Fees from Managed hotels
2. Operating Expenses include Hotel operating expenses for Owned and Leased hotels (including shut hotels)

Lemon Tree

- * Board of Directors has given approval to raise upto Rs 150 Cr as an abundant precaution to provide an additional liquidity cushion, if required.
- * The mode of issuance can be Rights Issue, Preferential Placement or Qualified Institutional Placement
- * Management to evaluate and give recommendations to the board on timing/quantum/mode of capital raise

Fleur

- * APG Strategic Real Estate Pool N.V. to infuse upto Rs 300 Cr in two tranches by CCPS which will be convertible into equity in 30 months : Rs 175Cr immediately and Rs 125Cr if required
- * Lemon Tree will inject additional 100% owned assets at the end of 30 months in order to retain current majority ownership. This is aligned to Lemon Tree's asset monetization plan/asset light strategy

Rationale for the fund raise

- * Provides financial strength – ability to manage cash flows and mitigate the risk of cash flow mismatch
- * Strengthens the balance sheet and financial position

- * We feel we can significantly improve our operational efficiencies in future
- * Staff per room ratio can go down further from current levels of 0.95-1.0 to 0.7-0.75 without sacrificing our service standards, leading to permanent and significant savings in wage bill (wage bill typically accounts for about 18% of total revenue)
- * Similarly, electricity consumption can be reduced significantly (Power and Fuel expenses typically account for 10% of total revenue, with more than 70% being electricity consumption)
- * Various other fixed and variable expenses can also be reduced significantly on a permanent basis
- * These steps should lead to a permanent improvement in Net EBITDA of adult hotels by 500-700 bps as a percentage of revenue once the situation normalizes

Under Development Hotels

Lemon Tree Mountain Resort – Shimla | Image Representation



Note: Hotel is expected to have 69 rooms and expected month of opening is April-2021

Lemon Tree Mountain Resort – Shimla



Lemon Tree Mountain Resort – Shimla



Aurika, Mumbai Airport (MIAL) | Image Representation



Aurika, Mumbai Airport (MIAL)



Aurika, Mumbai Airport (MIAL)





Lemon Tree Amarante Beach, Goa



Lemon Tree Premier, Corbett



Lemon Tree Premier, Hyderabad

Appendix



Lemon Tree Hotel, Coimbatore



Lemon Tree Premier, City Center, Gurgaon



Lemon Tree Vembanad Lake, Alleppey, Kerela

Latest Performance – Q1 FY21

Q1 FY21 Performance Highlights – Operational Metrics (Consolidated)

Operational Inventory

Owned/Leased rooms

Managed rooms

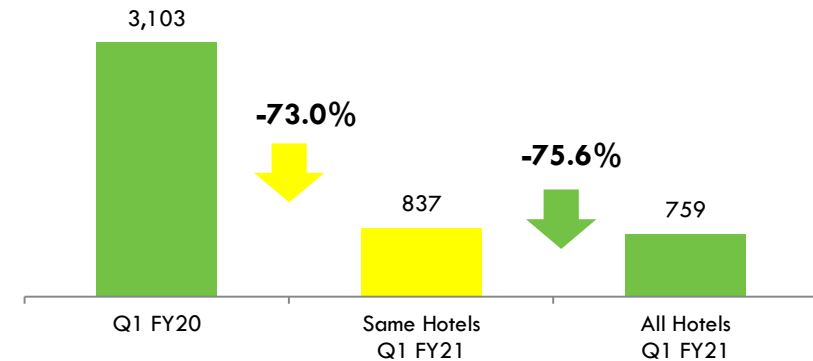
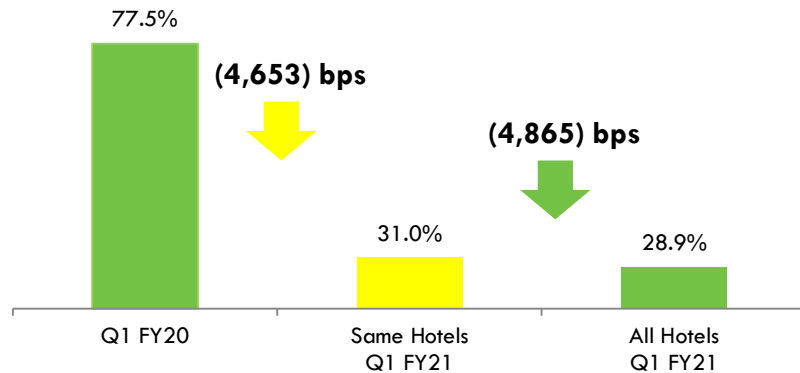
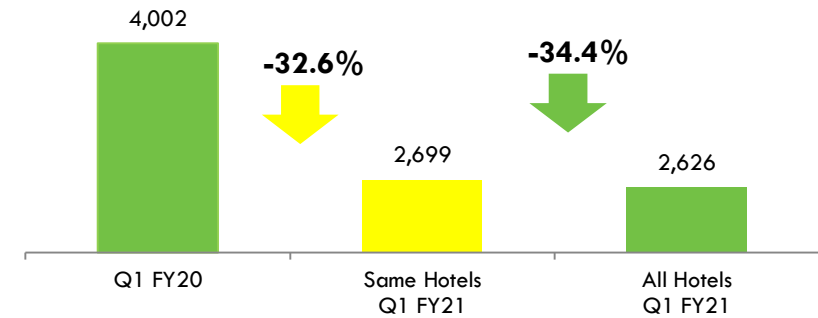
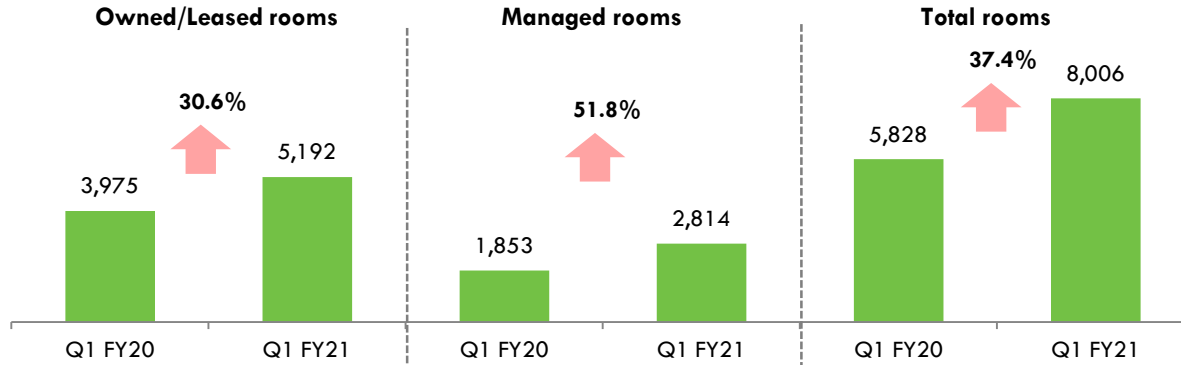
Total rooms

Average Daily Rate (Rs.)

Occupancy (%)

RevPAR (Rs.)

End of

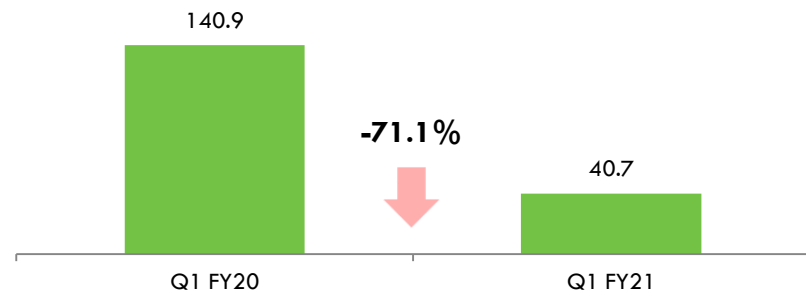


Notes:

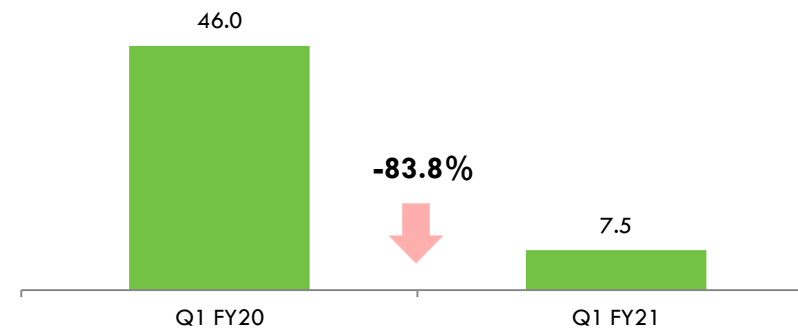
1. ADR, Occupancy and RevPAR are for our owned and leased hotels only.
2. Same hotels exclude hotels which were commissioned during the past 12 months i.e. Lemon Tree Premier Mumbai, Lemon Tree Premier Kolkata, Aurika Udaipur and Keys hotels.

Q1 FY21 Performance Highlights – Financial Metrics (Consolidated)

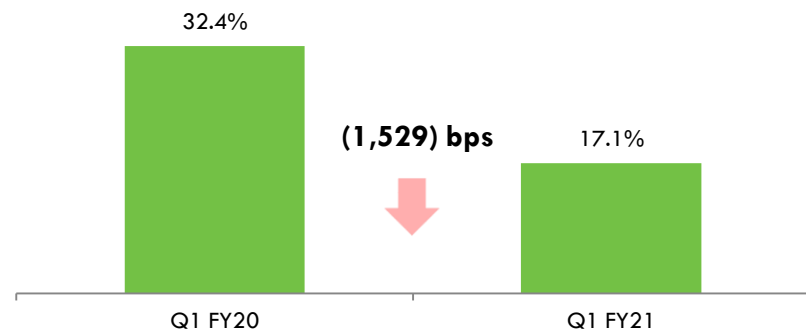
Revenue from Operation (Rs. Cr)



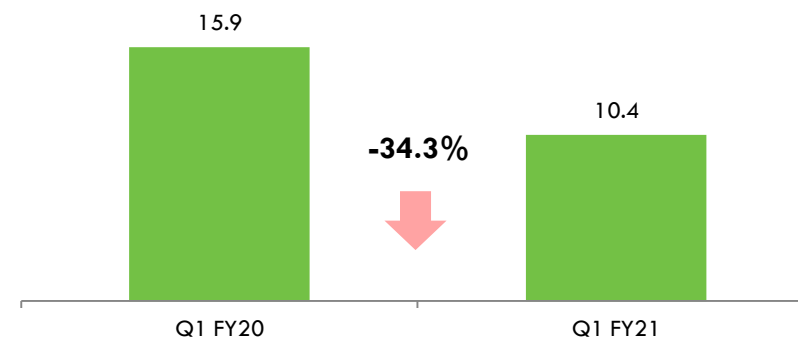
EBITDA (Rs. Cr)



EBITDA Margin (%)



Cash profit (Rs. Cr)



Notes:

1. Q1 FY21 performance is not indicative of the full year performance
2. The cash profit for Q1 FY21 is before payment of interest for the quarter, which has been deferred to September

Consolidated Profit & Loss Statement – Q1 FY21

| Rs. Cr | Q1 FY20 | Q1 FY21 | YoY Change (%) |
|--------------------------------|--------------|---------------|----------------|
| Revenue from operations | 140.9 | 40.7 | -71.1% |
| Other income | 1.3 | 3.1 | 147.2% |
| Total expenses | 96.2 | 36.3 | -62.2% |
| EBITDA | 46.0 | 7.5 | -83.8% |
| EBITDA margin (%) | 32.4% | 17.1% | (1,529) |
| Finance costs | 30.9 | 48.7 | 57.5% |
| Depreciation & amortization | 17.2 | 27.1 | 57.8% |
| PBT | (1.4) | (67.7) | NA |
| Tax expense | 0.7 | (7.1) | NA |
| PAT | (2.1) | (60.6) | NA |
| Cash Profit | 15.9 | 10.4 | -34.3% |

Note: The cash profit for Q1 FY21 is before payment of interest for the quarter, which has ben deferred to September

Consolidated Profit & Loss Statement Breakup – Q1 FY21

| Rs. Cr | Same Hotels | | | New Hotels ¹ | Total without Keys Hotels | | | Keys Hotels | Total | | |
|--------------------------------|--------------|---------------|----------------|-------------------------|---------------------------|---------------|----------------|--------------|--------------|---------------|----------------|
| | Q1FY20 | Q1FY21 | YoY Change | Q1FY21 | Q1FY20 | Q1FY21 | YoY Change | Q1FY21 | Q1FY20 | Q1FY21 | YoY Change |
| Inventory | 3,672 | 3,672 | 0.0% | 584 | 3,672 | 4,256 | 15.9% | 936 | 3,672 | 5,192 | 41.4% |
| ARR | 4,002 | 2,699 | -32.5% | 3,521 | 4,002 | 2,795 | -30.1% | 1,587 | 4,002 | 2,626 | -34.4% |
| Occupancy | 77.5% | 31.0% | (4,653) | 25.8% | 77.5% | 30.3% | (4,725) | 22.5% | 77.5% | 28.9% | (4,865) |
| RevPAR | 3,103 | 837 | -73.0% | 909 | 3,103 | 847 | -72.7% | 357 | 3,103 | 759 | -75.6% |
| Revenue from Operations | 140.9 | 31.3 | -77.8% | 5.1 | 140.9 | 36.4 | -74.2% | 4.3 | 140.9 | 40.7 | -71.1% |
| Other Income | 1.3 | 1.7 | 36.4% | 0.0 | 1.3 | 1.7 | 38.0% | 1.4 | 1.3 | 3.1 | 147.2% |
| Total expenses | 96.2 | 27.8 | -71.1% | 3.9 | 96.2 | 31.7 | -67.1% | 4.6 | 96.2 | 36.3 | -62.2% |
| EBITDA | 46.0 | 5.3 | -88.5% | 1.2 | 46.0 | 6.5 | -86.0% | 1.0 | 46.0 | 7.5 | -83.8% |
| <i>EBITDA margin (%)</i> | <i>32.4%</i> | <i>16.0%</i> | <i>(1,638)</i> | <i>23.1%</i> | <i>32.4%</i> | <i>16.9%</i> | <i>(1,543)</i> | <i>18.0%</i> | <i>32.4%</i> | <i>17.1%</i> | <i>(1,529)</i> |
| PBT | (1.4) | (41.2) | NA | (19.1) | (1.4) | (60.3) | NA | (7.4) | (1.4) | (67.7) | NA |

Note : New Hotels include: Lemon Tree Premier Mumbai, Lemon Tree Premier Kolkata & Aurika Udaipur

Operational Performance by Brands & Region – Q1 FY20 vs. Q1 FY21

| Parameters | Occupancy Rate (%) | | | Average Daily Rate (Rs.) | | | Hotel level EBITDAR/room (Rs. Lacs) | | | Hotel level EBITDAR Margin | | |
|----------------------------|--------------------|--------------|--------------|--------------------------|--------------|------------|-------------------------------------|------------|------------|----------------------------|--------------|--------------|
| | Q1 FY20 | Q1 FY21 | Change (bps) | Q1 FY20 | Q1 FY21 | Change (%) | Q1 FY20 | Q1 FY21 | Change (%) | Q1 FY20 | Q1 FY21 | Change (bps) |
| By Brand (#Rooms) | | | | | | | | | | | | |
| Lemon Tree Premier (1,158) | 78.8% | 42.2% | (3,659) | 4,820 | 3,176 | -34.2% | 2.1 | 0.5 | -74.4% | 43.7% | 39.6% | (414) |
| Lemon Tree Hotels (1562) | 77.4% | 27.5% | (4,896) | 3,920 | 2,467 | -37.1% | 1.3 | 0.1 | -95.1% | 35.0% | 9.2% | (2,587) |
| Red Fox Hotels (850) | 76.1% | 23.1% | (5,302) | 3,039 | 2,089 | -31.3% | 1.0 | 0.1 | -94.4% | 42.4% | 12.0% | (3,038) |

| Parameters | Occupancy Rate (%) | | | Average Daily Rate (Rs.) | | | Hotel level EBITDAR/room (Rs. Lacs) | | | Hotel level EBITDAR Margin | | |
|--------------------|--------------------|--------------|--------------|--------------------------|--------------|------------|-------------------------------------|------------|------------|----------------------------|--------------|--------------|
| | Q1 FY20 | Q1 FY21 | Change (bps) | Q1 FY20 | Q1 FY21 | Change (%) | Q1 FY20 | Q1 FY21 | Change (%) | Q1 FY20 | Q1 FY21 | Change (bps) |
| By Region (#Rooms) | | | | | | | | | | | | |
| Delhi (636) | 80.8% | 39.4% | (4,142) | 4,339 | 3,204 | -26.2% | 1.7 | 0.4 | -74.5% | 40.0% | 34.5% | (546) |
| Gurugram (529) | 79.5% | 24.5% | (5,499) | 3,972 | 2,983 | -24.9% | 1.4 | 0.1 | -94.4% | 34.4% | 9.7% | (-2,475) |
| Hyderabad (663) | 88.2% | 35.8% | (5,236) | 4,005 | 3,259 | -18.6% | 2.1 | 0.6 | -73.1% | 49.2% | 49.3% | 9 |
| Bengaluru (493) | 83.1% | 42.0% | (4,104) | 4,299 | 2,297 | -46.6% | 2.0 | 0.1 | -88.9% | 46.2% | 23.0% | (2,320) |

Note:
1) These performance results do not include Lemon Tree Premier Mumbai, Lemon Tree Premier Kolkata, Aurika Udaipur and Keys.

Discussion on Consolidated Financial & Operational Performance – Q1 FY21

| | |
|--------------------------|--|
| Revenue | <ul style="list-style-type: none">* Revenue from operations stood at Rs. 40.7 Cr in Q1 FY21, down 71.1% as compared to Rs. 140.9 Cr in Q1 FY20. On same hotels basis, revenue from operations was down by 77.8%* ADR decreased by 34.4% from 4,002 in Q1 FY20 to 2,626 in Q1 FY21. On same hotels basis, ARR decreased by 32.5% to 2,699 in Q1 FY21. For new hotels, ARR was 3,521 (30.4% higher than same hotels). For Keys hotels, ARR was 1,587 (41.2% lower than same hotels)* Occupancy decreased by 48.6% from 77.5% in Q1 FY20 to 28.9% in Q1 FY21. On same hotels basis it decreased by 46.5% from 77.5% in Q1 FY20 to 31.0% in Q1 FY21. For new hotels, occupancy was 25.8% (5.2% lower than same hotels). For Keys hotels, occupancy was 22.5% (8.5% lower than same hotels)* Fees from managed hotels stood at Rs. 0.5 Cr in Q1 FY21 (1.1% of Revenue from operations) |
| Cost | <ul style="list-style-type: none">* Total expenses stood at Rs. 36.3 Cr in Q1 FY21 down 62.2% as compared to Rs 96.2 Cr in Q1 FY20. On same hotels basis, expenses decreased by 71.1% to Rs 27.8 Cr in Q1 FY21 from Rs 96.2 Cr in Q1 FY20 |
| Operating Margins | <ul style="list-style-type: none">* EBITDA decreased by 83.8% from Rs 46.0 Cr in Q1 FY20 to Rs 7.5 Cr in Q1 FY21* EBITDA margin, contracted by 1,529 bps from 32.4% in Q1 FY20 to 17.1% in Q1 FY21 |
| Profit after tax | <ul style="list-style-type: none">* Profit after tax decreased from Rs (2.1) Cr in Q1 FY20 to Rs (60.6) Cr in Q1 FY21* Cash Profit for Q1 FY21 stood at Rs 10.4 Cr, 34.3% lower than Rs 15.9 Cr in Q1 FY20 |

Lemon Tree Hotels (LTH) is the largest mid-priced hotel sector chain, and the third largest overall, on the basis of controlling interest in owned and leased rooms, as of June 30, 2017, according to the Horwath Report. LTH operates in the mid market sector, consisting of the upscale, upper midscale, midscale and economy hotel segments and seeks to cater to Indian middle class guests and deliver differentiated yet superior service offerings, with a value-for-money proposition.

LTH opened its first hotel with 49 rooms in May 2004 and currently operates (including Keys hotels) ~8,100 rooms in 81 hotels across 49 cities. As the current pipeline (as of 13th August 2020) becomes operational, LTH will be operating 109 hotels with ~10,800 rooms, across 69 cities in India and abroad.

Lemon Tree Hotels including keys hotels are located across India, in metro regions, including the Delhi NCR, Mumbai, Kolkata, Bengaluru, Hyderabad and Chennai, as well as tier I and tier II cities such as Pune, Ahmedabad, Chandigarh, Jaipur, Indore, Aurangabad, Udaipur, Vishakhapatnam, Kochi, Ludhiana and Thiruvananthapuram.

For more information about us, please visit www.lemontreehotels.com or contact:

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Thank You