



STRICTLY PRIVATE & CONFIDENTIAL

January 8, 2026

The Board of Directors,  
Lemon Tree Hotels Limited

Asset No. 6, Aerocity Hospitality District, New Delhi -110037

**Sub: Fairness opinion on recommendation of the share entitlement ratio for the proposed demerger of the demerged undertaking of Lemon Tree Hotels Limited into Fleur Hotels Limited, under Sections 230 to 232 of the Companies Act, 2013.**

We, CLSA India Private Limited ("We" or "CLSA"), understand that the Board of Directors (the "Board") of Lemon Tree Hotels Limited, a public limited company incorporated in India under the Companies Act, 1956 ("LTH" or the "Company") is considering a Composite Scheme of Arrangement (the "Scheme") pursuant to the provisions of Sections 230-232 read with other applicable provisions of the Companies Act, 2013 ("Companies Act").

In connection with the aforesaid, the Board of LTH has requested for our opinion as to the fairness of the Share Entitlement Ratios (*as defined hereinafter*) ("Opinion"), as provided in the share entitlement ratio report dated December 31, 2025 (the "BDO Report"), issued by BDO Valuation Advisory LLP ("BDO"), an independent registered valuer appointed by LTH in connection with the Scheme and as specified in the Scheme. The scope of our Opinion includes commenting on the fairness of the Share Entitlement Ratios as provided in the BDO Report and not on the fairness or economic rationale of the Scheme per se or the analysis done by BDO. LTH has executed the engagement letter with us on January 6, 2026 in relation to the above.

**Background of the companies involved in the Scheme**

**1. Lemon Tree Hotels Limited ("LTH")**

Lemon Tree Hotels Limited is a public limited company incorporated on June 2, 1992, under the Companies Act, 1956, bearing CIN L74899DL1992PLC049022 and having its registered office at Asset No. 6, Aerocity Hospitality District New Delhi – 110037, India. LTH owns/operates/franchises hotels across the upscale, upper-midscale, midscale and economy segments. The equity shares of LTH are listed on NSE and BSE. LTH presently holds 58.91% of the equity share capital of the Transferee Company.

LTH is a leading hospitality company in India with an established portfolio of owned, leased and managed hotels. In addition to its hotel-ownership portfolio, LTH has developed a strong hotel-management platform covering brand systems, distribution, sales, loyalty, technology, operations and other central functions.

**2. Fleur Hotels Limited ("Transferee Company")**

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Fleur Hotels Limited is a public limited company incorporated on July 9, 2003, under the Companies Act, 1956, bearing CIN U55101DL2003PLC207912 and having its registered office at Asset No. 6, Aerocity Hospitality District New Delhi – 110037, India. The Transferee Company is, *inter alia*, engaged in the business of owning hotels across the upscale, upper-midscale, midscale and economy segments which is being managed by LTH.

**3. Carnation Hotels Private Limited (“Transferor Company 1”)**

Carnation Hotels Private Limited is a private limited company incorporated on December 24, 2002, under the Companies Act, 1956, bearing CIN U55101DL2002PTC118180 and having its registered office at Asset No. 6, Aerocity Hospitality District New Delhi – 110037, India. Transferor Company 1 is a wholly owned subsidiary of LTH. The Transferor Company 1 is, *inter alia*, engaged in the business of hotel management and serves as the operations arm of Lemon Tree, providing end-to-end management solutions to hotel owners, from design conceptualization day-to-day operations.

**4. Hamstede Living Private Limited (“Transferor Company 2”)**

Hamstede Living Private Limited is a private limited company incorporated on December 6, 2018, under the Companies Act, bearing CIN U74999DL2018PTC342682 and having its registered office at Asset No. 6, Aerocity Hospitality District New Delhi – 110037, India. Transferor Company 2 is a wholly owned subsidiary of LTH. The Transferor Company 2 is, *inter alia*, engaged in the business of providing co-living and student housing platform offering high quality accommodation solutions for students and working professionals / adults etc.

**5. Oriole Dr. Fresh Hotels Private Limited (“Transferor Company 3”)**

Oriole Dr. Fresh Hotels Private Limited is a private limited company incorporated on September 9, 2004, under the Companies Act, 1956, bearing CIN U85110DL2004PTC128937 and having its registered office at Asset No. 6, Aerocity Hospitality District New Delhi – 110037, India. Transferor Company 3 is a wholly owned subsidiary of LTH. The Transferor Company 3 is, *inter alia*, engaged in the business of developing, owning, acquiring, renovating and promoting hotels, motels, resorts, restaurants, etc. It operates Red Fox Hotel, East Delhi.

**6. Canary Hotels Private Limited (“Transferor Company 4”)**

Canary Hotels Private Limited is a private limited company incorporated on January 6, 2006, under the Companies Act, 1956, bearing CIN U55101DL2006PTC144532 and having its registered office at Asset No. 6, Aerocity Hospitality District New Delhi – 110037, India. Transferor Company 4 is a wholly owned subsidiary of LTH. The Transferor Company 4 is, *inter alia*, engaged in the business of developing, owning, acquiring, renovating and promoting hotels, motels, resorts, restaurants, etc. It operates Lemon Tree East Delhi Mall, Kaushambi, Ghaziabad.

**7. Sukhsagar Complexes Private Limited (“Transferor Company 5”)**

Sukhsagar Complexes Private Limited is a private limited company incorporated on April 27, 1993, under the Companies Act, 1956, bearing CIN U70101DL1993PTC172878 and having its registered office at Asset No. 6, Aerocity Hospitality District New Delhi – 110037, India. Transferor Company 5 is a wholly owned subsidiary of LTH. The Transferor Company 5 is, *inter alia*, engaged in the business of developing, owning, acquiring, renovating and promoting hotels, motels, resorts, restaurants, etc. It operates Red Fox Hotel, Jaipur.

**8. Manakin Resorts Private Limited (“Transferor Company 6”)**



Manakin Resorts Private Limited is a private limited company incorporated on November 7, 2005, under the Companies Act, 1956, bearing CIN U55101DL2005PTC212230 and having its registered office at Asset No. 6, Aerocity Hospitality District New Delhi – 110037, India. Transferor Company 6 is a wholly owned subsidiary of LTH. The Transferor Company 6 is, *inter alia*, engaged in the business of developing, owning, acquiring, renovating and promoting hotels, motels, resorts, restaurants, etc. It operates Lemon Tree Vembanad Lake Resort, Muhamma, Kerela, India.

### Background of the Scheme

The Scheme *inter alia* provides for:

1. Amalgamation of the Transferor Company 1 and Transferor Company 2 with LTH and the dissolution of Transferor Company 1 and Transferor Company 2 without winding up in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act and in accordance with Section 2(1B) and other applicable provisions of the Income Tax Act, 1961 ("IT Act 1961") or with Section 2(6) of the Income Tax Act, 2025 ("IT Act 2025"), as applicable, and in the manner specified in Part III of the Scheme ("Amalgamation 1");
2. Amalgamation of the Transferor Company 3, Transferor Company 4, Transferor Company 5 and Transferor Company 6 with the Transferee Company and the dissolution of Transferor Company 3, Transferor Company 4, Transferor Company 5 and Transferor Company 6 without winding up in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act and in accordance with Section 2(1B) and other applicable provisions of the IT Act 1961 or Section 2(6) of the IT Act 2025, as applicable, and in the manner specified in Part IV of the Scheme ("Amalgamation 2"); and
3. Immediately after effectiveness of Amalgamation 1 and Amalgamation 2, Demerger of the Demerged Undertaking (*as defined hereinafter*) of LTH into the Transferee Company on a going concern basis in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act and in accordance with Section 2(19AA) and other applicable provisions of the IT Act 1961 or Section 2(35) of the IT Act 2025, as applicable and in the manner specified in Part V of the Scheme ("Demerger").

### Background of the Demerged Undertaking

The Scheme defines the Demerged Undertaking to mean, collectively: (a) the Demerged Hotel Properties (*as defined in the Scheme*); and (b) the Development Capabilities (*as defined in the Scheme*) of LTH, together with all businesses, undertakings, operations, Demerged Assets (*as defined in the Scheme*), rights, interests and benefits of LTH or pertain exclusively to: (A) the ownership, operation, maintenance, refurbishment or development of the Demerged Hotel Properties; and/or (B) the performance, support or exercise of the Development Capabilities including all personnel, systems, processes and documentation required for hotel development activities, whether relating to the Demerged Hotel Properties or any future hotel development opportunities, as on the Appointed Date (*as defined in the Scheme*), on a going-concern basis, whether situated in or outside India and excluding, for the avoidance of doubt, all businesses, Assets, employees, intellectual property, goodwill, brand, contracts and Liabilities forming part of the Residual Undertaking (*as defined in the Scheme*). The definition of Demerged Undertaking is further detailed out in the Scheme.

The terms and conditions of the demerger are more fully described in the Scheme document, and the above summary of the demerger is qualified in its entirety by reference to the terms of the Scheme.

### Source of Information



For arriving at our Opinion set forth below, we have relied on:

1. Draft Scheme, as provided to us by LTH;
2. BDO Report dated as of December 31, 2025 provided to us by LTH along with the assumptions included as part of BDO's forecasts;
3. Relevant publicly available business information relating to the activities of LTH up to September 30, 2025, as well as its shareholding pattern as on September 30, 2025;
4. Relevant internal financial and operating information with respect to the business, operations and prospects of LTH;
5. Relevant internal financial and operating information with respect to the business, operations and prospects of Transferee Company;
6. The reported prices and trading activity for LTH and compared the same with other global and Indian hospitality companies;
7. Discussed among representatives of the Company and its advisors, the proposed operations, financial conditions and future prospects of the Demerged Undertaking and the Transferee Company;
8. Discussed with BDO on such matters which we believed were necessary or appropriate for the purpose of issuing this Opinion; and
9. Performed such other analysis and studies and considered such other information and factors as we deemed appropriate.

#### **Caveats and Disclaimers**

1. In arriving at our Opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and all other information and data publicly available or provided to or otherwise reviewed by or discussed with us on an "as is" basis for the purposes of this Opinion. We have been advised by the management of LTH, and we have assumed and relied upon such advice, that such information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of LTH.
2. We have relied upon the assurances of the management of LTH that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. We assume that LTH during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and Opinion. We have not reviewed any internal management information statements or any non-public reports, and instead, with your consent, have relied upon information that was provided by LTH as detailed above, for the purposes of this Opinion. We are not experts in the evaluation of litigation or other actual or threatened claims. The Board estimates and BDO's forecast of future financial performance is on best estimate basis at the time of its preparation. These estimates do not provide any assurances of the achievability of the same. Actual results achieved during the period covered may vary from those contained in such estimates and the variation may be material. We have assumed that there are no circumstances that could materially affect the business or financial prospects of LTH, Transferee Company and other related entities.



3. We have assumed that there are no other contingent liabilities that could materially affect the activities including underlying businesses or financial prospects of the Demerged Undertaking and Transferee Company other than those disclosed in the information provided.
4. Our work does not constitute an audit, due diligence or certification of historical financial statements including working results of the companies or their activities including underlying businesses referred to in this Opinion. We have not made or been provided with any independent valuation or appraisal of the assets or liabilities (contingent or otherwise) of LTH, Demerged Undertaking and Transferee Company or their respective subsidiaries nor have we conducted any physical inspection of the properties or assets of the Demerged Undertaking and Transferee Company. We have not evaluated the solvency or fair value of the Demerged Undertaking/ Transferee Company under either the laws of India or any other laws relating to bankruptcy, insolvency or similar matters.
5. We have assumed, at the direction of LTH, that the Scheme will be consummated in accordance with its terms, without waiver, modification or amendment of any material terms, condition or agreement and that, in the course of obtaining the necessary governmental, judicial, regulatory and other approvals, consents, releases and waivers for the Scheme, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on the Demerged Undertaking or the Transferee Company or the contemplated benefits of the Scheme. We have also assumed, at the direction of LTH, that the final Scheme document as approved by the appropriate relevant National Company Law Tribunal will not differ in any material respect from the Scheme document reviewed by us. Further, we have assumed that there will not be any adverse rulings or proceedings whatsoever (whether of any court, regulatory body or otherwise) arising out of or in relation to the transaction as contemplated by the Scheme.
6. Our report is not, nor should it be construed as opining or certifying the compliance of the proposed transaction with the provisions of any law including companies, competition, taxation (including transfer pricing) and capital market related laws or as regards any legal implications or issues arising in India or abroad from such Scheme.
7. This report is based and issued on the understanding that LTH, the Demerged Undertaking and the Transferee Company have drawn our attention to all the matters, which they are aware of concerning the financial position of the Demerged Undertaking and the Transferee Company, their activities including underlying businesses, and any other matter, which may have an impact on our analysis or our Opinion, on the Share Entitlement Ratios for the proposed Scheme, including any significant changes that have taken place or are likely to take place in the financial position of the Demerged Undertaking and the Transferee Company and their subsidiaries or their activities including underlying businesses subsequent to the proposed appointed date for the proposed Scheme.
8. Determination of Share Entitlement Ratio is not a precise science, and the conclusions arrived at in many cases out, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed Share Entitlement Ratio. While we have provided our fairness opinion of the Share Entitlement Ratios based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the Share Entitlement Ratios at which the transaction contemplated under the Scheme shall take place will be with the Board of Directors of LTH who should take into account other factors such as their own assessment of the proposed transaction and inputs from other advisors.
9. We express no view or opinion as to any terms or other aspects of the Scheme other than the Share Entitlement Ratios as provided in the BDO Report to the extent expressly specified herein, including,



without limitation, the form or structure of the Scheme. We were not requested to, and we did not, participate in the negotiation of the terms of the Scheme, nor were we requested to, and we did not, provide any advice or service in connection with the Scheme other than the delivery of this Opinion. Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholder rights or any other equitable considerations.

10. No opinion or view is expressed with respect to any consideration received in connection with the Scheme by the holders of any other class of securities, creditors or other constituencies of any party. We do not express any opinion as to any tax or other consequences that might arise from the Scheme on the Demerged Undertaking, Transferee Company and / or their respective subsidiaries and their respective shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the LTH and the Transferee Company have obtained such advice as it deemed necessary from qualified professionals. In addition, no opinion or view is expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Scheme, or class of such persons, relative to the Share Entitlement Ratios. Furthermore, no opinion or view is expressed as to the relative merits of the Scheme in comparison to other strategies or transactions that might be available to LTH or in which LTH might engage or as to the underlying business decision of LTH to proceed with or effect the Scheme. We are not expressing any opinion as to what the value of the equity shares of the Transferee Company actually will be when issued or the prices at which the equity shares of the Transferee Company will trade at any time, including following announcement or consummation of the Scheme. In addition, we express no investment advice or opinion or recommendation as to how any shareholder should vote or act in connection with the Scheme or any related matter.
11. The Company acknowledges that in connection with the Scheme: (i) CLSA has acted at arm's length at all times, is not an agent of, and owes no fiduciary duties to the Company or any subsidiary or affiliate of the Company or the Company's management, shareholders or creditors or the Board of the Company or any other persons, and (ii) CLSA may have interests that differ from those of the Company or its Board. The Company waives, on behalf of itself, any of its subsidiaries or affiliates or the Board, to the fullest extent permitted by applicable law, any claims it may have against CLSA arising from any alleged breach of fiduciary duty in connection with the Scheme or otherwise.
12. We have acted as Merchant Banker to the Board of LTH solely to render this Opinion and will receive a fee for our services, which is payable upon the rendering of this Opinion and which is not contingent on the outcome of the Opinion. In addition, LTH has agreed to reimburse our expenses and indemnify us against in connection with our engagement. We owe responsibility to only the Board of LTH who have appointed us in terms of the Engagement Letter. In no circumstances shall CLSA or its management, directors, officers, advisors, or agents will be liable for any responsibility or liability including pecuniary and financial liability to any third party. In no event shall CLSA be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or wilful default on the part of LTH, their directors, employees or agents and / or its subsidiaries or the Transferee Company and / or their subsidiaries, their directors, employees or agents. In no circumstances shall the liability of CLSA, its partners or employees, relating to services provided in connection with this Opinion exceed the amount paid to us in respect of the fees, if any, charged for these services.
13. The Opinion contained herein is not intended to be represented at any time other than the date that is specifically stated in this Fairness Opinion Report. Our Opinion is based on the BDO report dated as





of December 31, 2025 and we have not factored any developments post BDO report date for preparation of fairness opinion.

14. Our Opinion does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the business of the Companies involved in the scheme. It should be understood that in case of any subsequent developments we do not have any obligation to update, revise, or reaffirm this Opinion.
15. This Opinion is subject to the laws of India. With respect to any suit, action or any other proceedings relating to this Opinion, the courts of Mumbai, India shall have exclusive jurisdiction.
16. We and/or our affiliates are engaged in securities trading, securities brokerage and financing activities, as well as providing investment banking and financial advisory services and products to a wide range of companies, governments and individuals. In the ordinary course of our trading, brokerage and financing activities, we may undertake research analysis and may at any time hold long or short positions, and may trade or otherwise effect transactions, for our own account or the accounts of our customers, in debt or equity securities or senior loans of any company that may be involved in the Scheme, LTH or its subsidiaries or affiliates.
17. We and/or our affiliates in the past have provided, currently are providing, and in the future may provide investment banking and other financial services to LTH, the promoters of LTH and other group companies of the promoters of LTH, and have received or in the future may receive compensation for the rendering of these services. Separately we and/or our affiliates are or may become customers of LTH and/or the Transferee Company.
18. It is understood that this Opinion is solely for the benefit and use of the Board of LTH in connection with and for purposes of its evaluation of the Scheme and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of LTH. This Opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party, nor shall any public reference to us be made, for any purpose whatsoever except (i) with our prior written consent in each instance; (ii) as required to be disclosed by LTH to the stock exchanges and in terms of the circulars issued by the Securities and Exchange Board of India (the "SEBI") on June 20 2023 (SEBI/HO/CFD/POD-2/P/CIR/2023/93) and (iii) as required to be disclosed to relevant shareholders and creditors, judicial, regulatory or government authorities as may be mandatorily required by applicable laws. We hereby give consent to such disclosure of this Opinion, on the basis that CLSA owes responsibility only to the Board of LTH who have engaged us, under the terms of the engagement, and to no other person; and that, to the fullest extent permitted by law, we disclaim any responsibility or liability to any other party, in connection with this Opinion. Neither this Opinion nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties other than in connection with the Scheme, without our prior written consent.
19. This Opinion has been issued for the sole purpose listed in sub-paragraph (ii) above and shall not be valid for any other purpose. Neither CLSA, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.
20. Our Opinion is necessarily based on (i) prevailing financial, economic, monetary, market and other conditions and circumstances, and (ii) the information made available to us by the Company. It should be understood that subsequent developments may affect this Opinion, and we do not have any obligation to update, revise, or reaffirm this Opinion. Our Opinion is specific to the fairness of Share Entitlement Ratios upon transfer and vesting of the Demerged Undertakings into the Transferee Company as contemplated in the Scheme provided to us and is not valid for any other purpose. The



issuance of this Opinion was approved in accordance with our internal policies. This Opinion has to be read in totality, and not in parts, in conjunction with the relevant documents referred therein.

21. It is understood that CLSA is not a Registered Valuer pursuant to section 247 of the Companies Act and Rules made thereunder. The Fairness Opinion Report issued by CLSA, under this document, cannot be used by the recipient for the purposes that specifically require valuation from a Registered Valuer under the Companies Act or any other law that requires valuation from such Registered Valuer.

### Conclusion

- I. We understand from the BDO Report and the Scheme that with respect to the Amalgamation 2, the following share entitlement ratios are proposed:
1. Share Entitlement Ratio 1: 10,000 fully paid-up equity shares of Transferee Company of INR 10 (Indian Rupees 1,00,000) each for every 49,872 equity shares of Transferor Company 3, of INR 10 each (Indian Rupees 4,98,720).
  2. Share Entitlement Ratio 2: 10,000 fully paid-up equity shares of Transferee Company of INR 10 (Indian Rupees 1,00,000) each for every 29,87,754 equity shares of Transferor Company 4, of INR 1 each (Indian Rupees 29,87,754).
  3. Share Entitlement Ratio 3: 10,000 fully paid-up equity shares of Transferee Company of INR 10 (Indian Rupees 1,00,000) each for every 53,118 equity shares of Transferor Company 5, of INR 10 each (Indian Rupees 5,31,180).
  4. Share Entitlement Ratio 4: 10,000 fully paid-up equity shares of Transferee Company of INR 10 (Indian Rupees 1,00,000) each for every 1,01,077 equity shares of Transferor Company 6, of INR 10 each (Indian Rupees 10,10,770).
- II. We further understand from the BDO Report and the Scheme that with respect to the Demerger, the following Share Entitlement Ratio is proposed:
- 20 fully paid-up equity shares of Transferee Company of INR 10 (Indian Rupees 200) each for every 311 equity shares of LTH, of INR 10 each (Indian Rupees 3,110) ("**Demerger Share Entitlement Ratio**").
- (Share Entitlement Ratio 1, Share Entitlement Ratio 2, Share Entitlement Ratio 3, Share Entitlement Ratio 4, and Demerger Share Entitlement Ratio are collectively referred to as "**Share Entitlement Ratios**").
- III. In accordance with the SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, based on our examination of the documents mentioned above including the Scheme document, the BDO Report, such other information/undertakings/representations provided to us by the Board, our discussions with the Company and other intermediaries as appointed by the Company in this regard, and subject to the foregoing, including the various assumptions and limitations set forth herein, and to the best of our knowledge and belief, we are of the opinion on the date hereof that the recommendation made by BDO with respect to the Share Entitlement Ratios stated in the Scheme and as provided in the BDO Report is fair and reasonable from a financial point of view to the shareholders of LTH.





For CLSA India Private Limited

*Srijit Kumar*  
Authorized Signatory

