



August 20, 2018

**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

In continuation to the disclosure made on April 17, 2018 with respect to Analyst & Investor meet to be held today at Mumbai, please find attached herewith the Corporate Presentation to be discussed in the today's meeting.

We would request you to please take the above information into record.

Thanking You

For Lemon Tree Hotels Limited

Nikhil Sethi
Group Company Secretary & GM Legal
& Compliance Officer



August 2018



Lemon Tree Hotels Limited

Corporate Presentation



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.

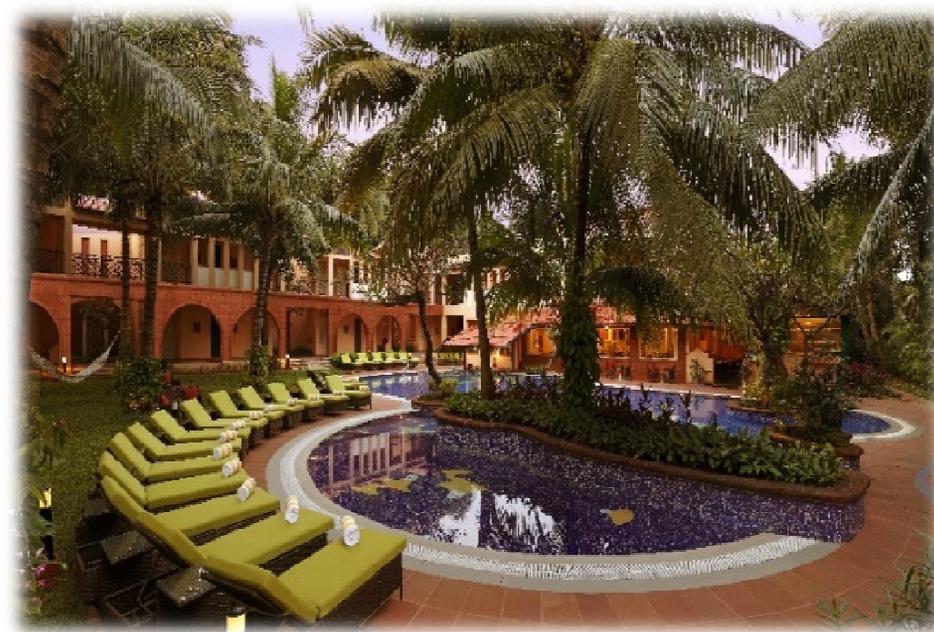


Table of Contents

I	Attractiveness of Indian Hotel Industry	4
II	Differentiated Business Model of Lemon Tree	12
III	Company Overview and Growth Plans	22
IV	Strong Operating and Financial Performance	27
V	Corporate Governance and Sustainability	34



Lemon Tree Premier, Delhi Airport



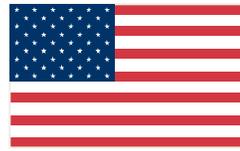
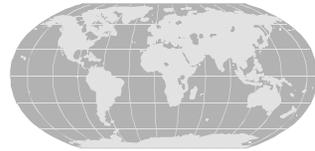
Lemon Tree Premier, Jaipur



Lemon Tree Premier, City Center,
Gurgaon

Attractiveness of Indian Hotel Industry

India: A comparatively under-penetrated hotel market



Supply of Rooms

16.2 Million

5.0 Million

3.78 Million

0.2 Million

Population

7349 Million

321 Million

1379 Million

1211 Million

**Penetration
(Rooms/1000 People)**

2.2

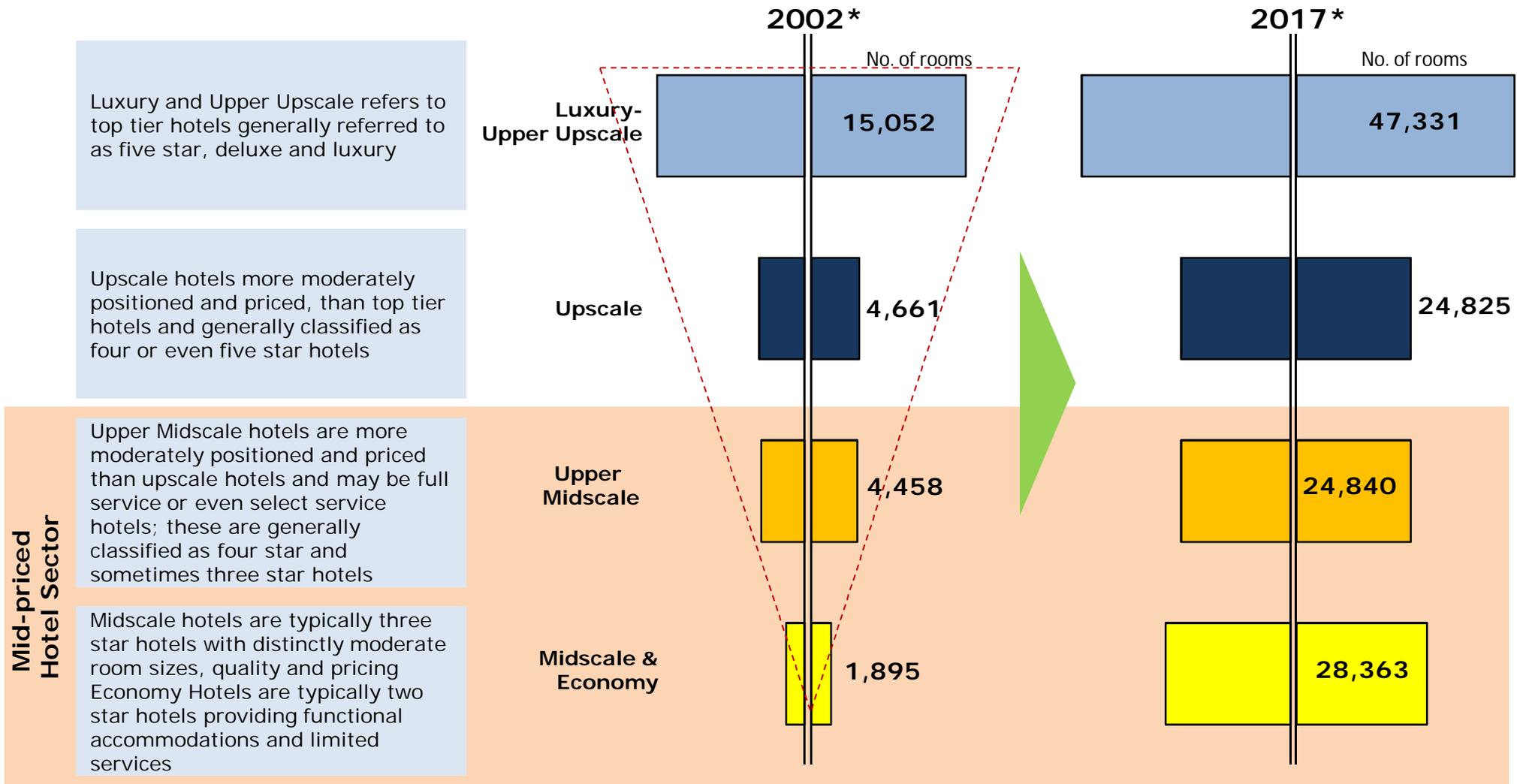
15.7

2.7

0.2

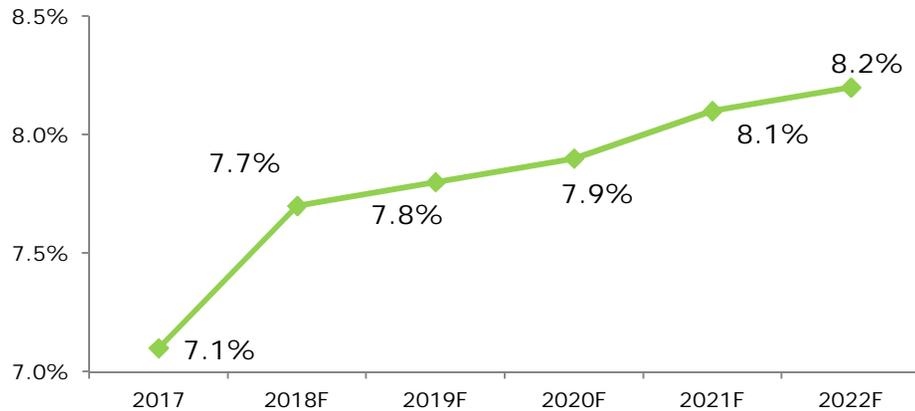
Supply of rooms in India's hotel industry was primarily at the top-end

When Lemon Tree commenced business in 2002, India's Hotel industry was an inverted pyramid



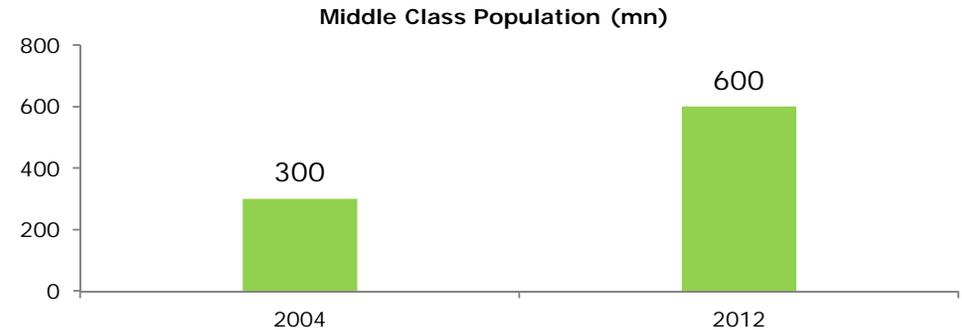
Significant drivers for hotel industry growth in India

Increasing Indian GDP



Source : Central Statistics Office, Govt. of India, IMF

Growing middle class population

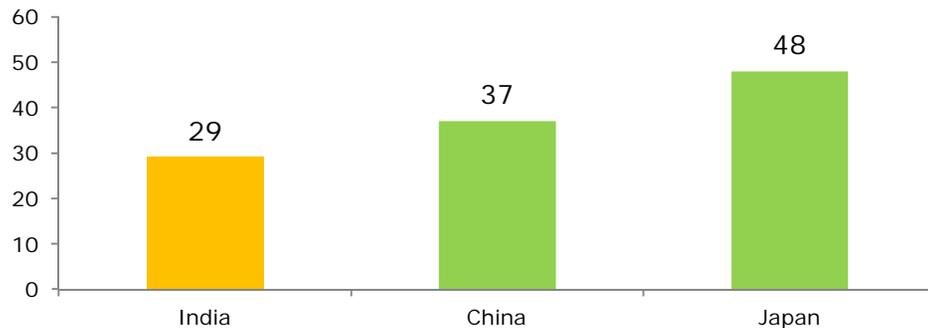


Middle class population in India is likely to overtake that of US and China by 2027

Source : World Economic Forum

Rise in young population

Average Age by 2020



64% of India's population is expected to be in the working age population by the fiscal year 2021

Source: Union budget and economic survey 2013

Higher spending

Increased income levels expected to create additional discretionary spending capacity for the individuals

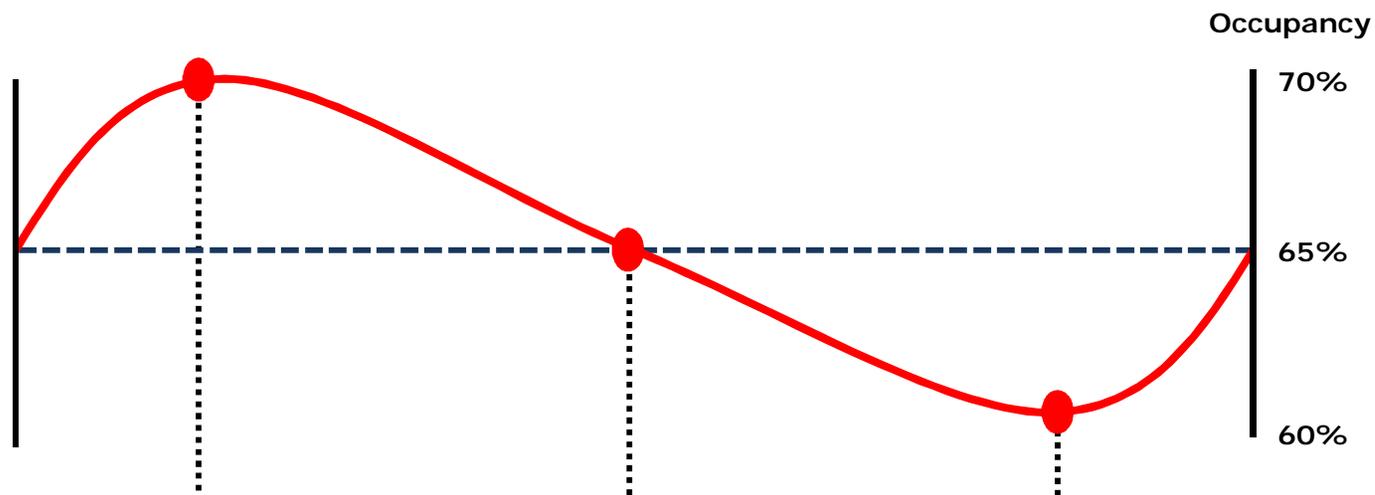
Improved road and air connectivity

Growth in domestic travel in India in forms like business travel, leisure travel, MICE visitation, wedding and social travel etc.

Source : Horwath Report

The hotel business cycle

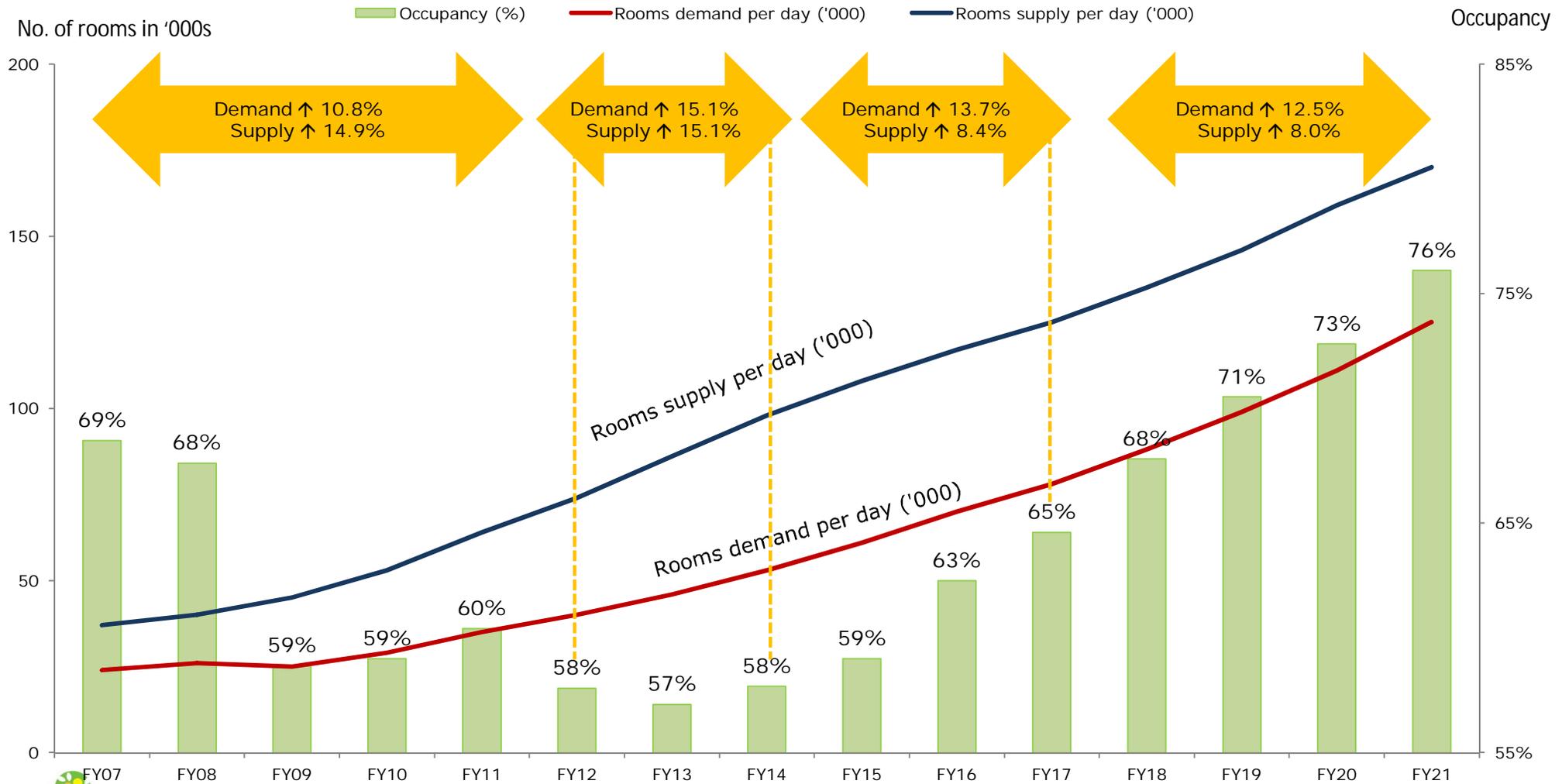
Illustrative:
15 Room Hotel
with
Investment =
300



Cycle	Top (2)	Middle (3)	Bottom (2)	
Occupancy	70% or more	63-68%	60% or less	
Rooms Sold	12	10	8	
Average Daily Rate	13	10	7	
Revenue	156	100	56	3:2:1
Expenses	60	50	40	
EBITDA	96	50	16	
Hotel RoCE	32%	17%	5%	6:3:1
Sustainable Debt:Equity Coverage	Full Debt	1:1	No Debt	

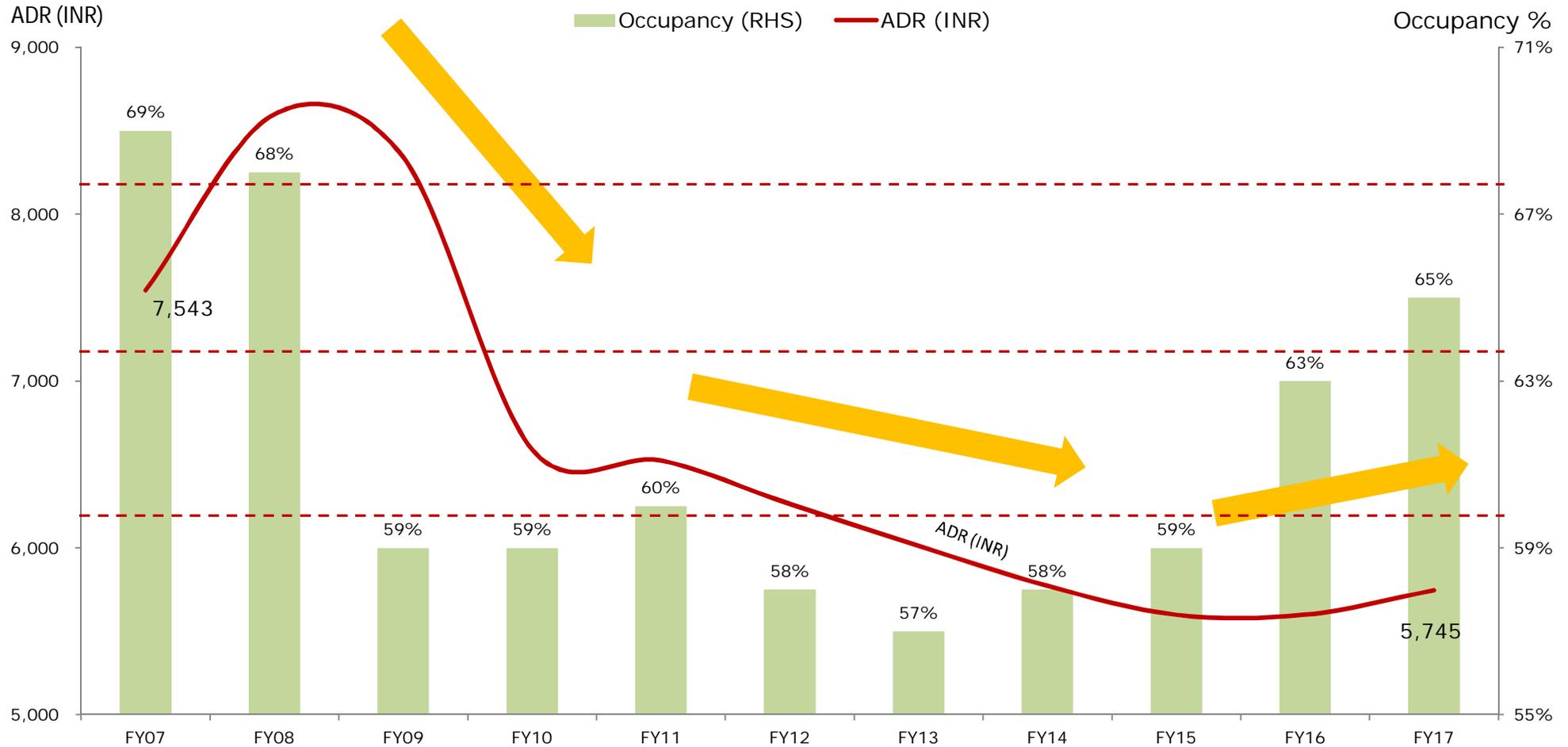
Indian hotel industry is at an inflection point

Slowing supply and rising demand is expected to increase occupancy



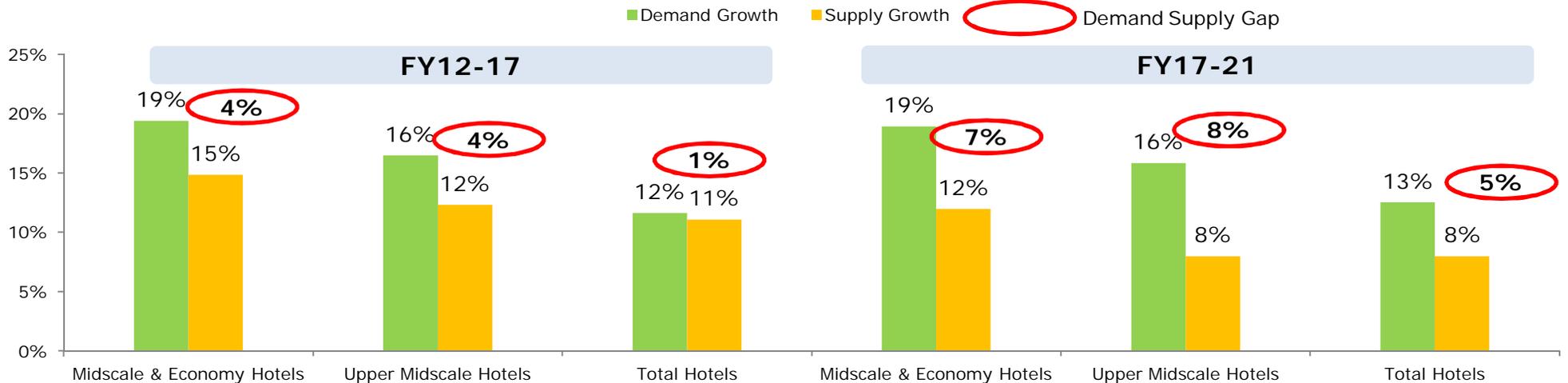
Increasing occupancy leading to increase in room rates

Average Daily Rate (ADR) is increasing with increase in occupancy rates

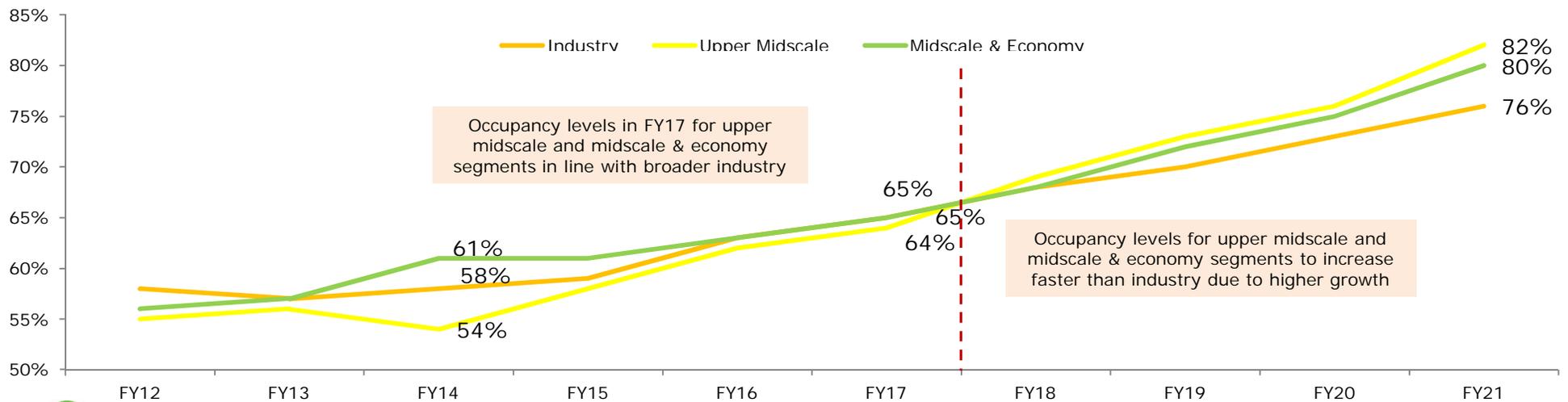


Mid-priced hotel sector expected to have higher demand supply gap resulting in higher growth in occupancy

Mid-priced hotel sector expected to continue having higher demand-supply gap leading to...



...faster growth in expected occupancy





Lemon Tree Hotel, Aurangabad



Lemon Tree Hotel, Gachibowli,
Hyderabad



Lemon Tree Hotel, Vadodara

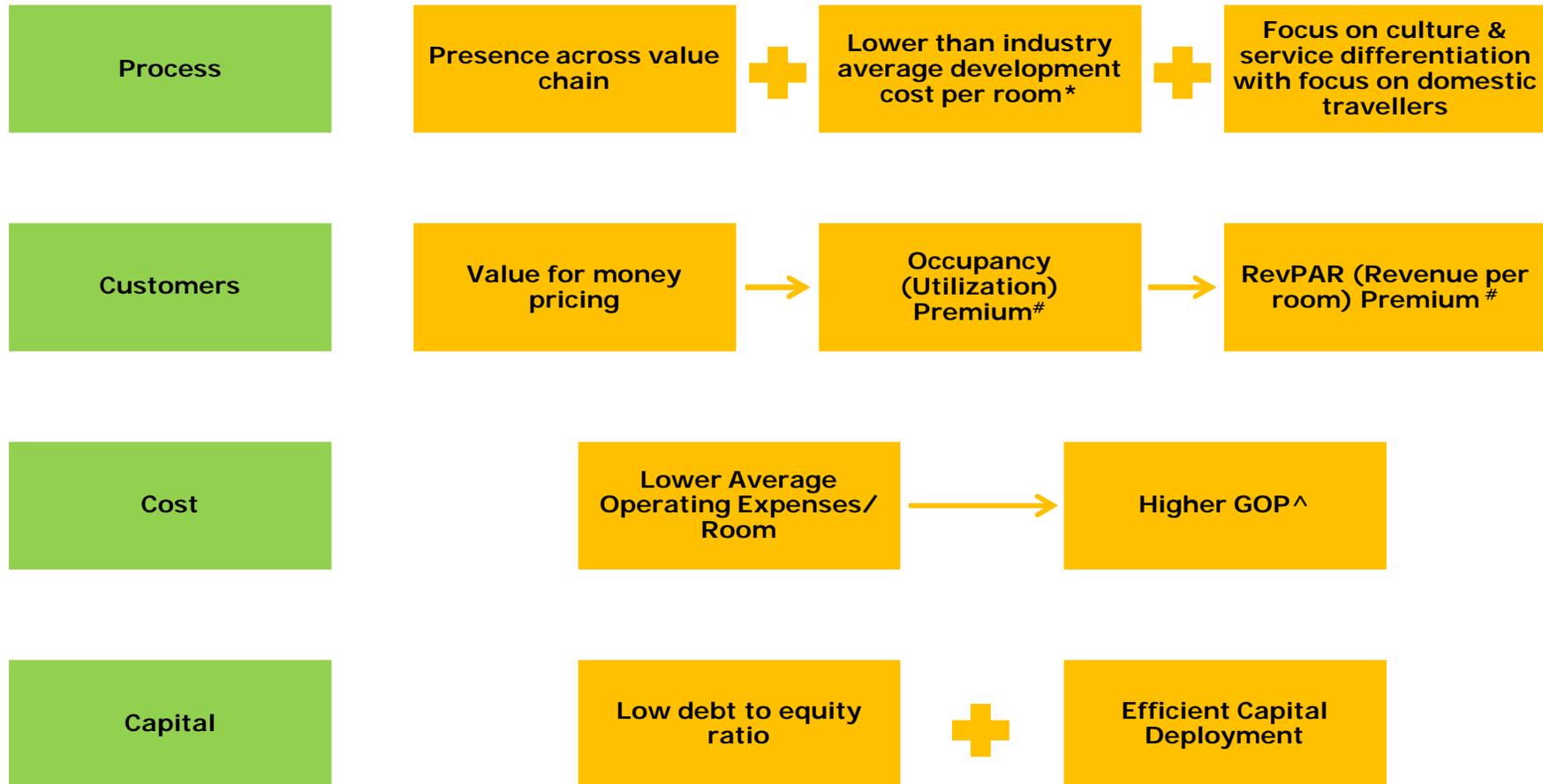
Differentiated business model of Lemon Tree (LTH)

The Business Model | Mid-cycle

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

	Typical 5 star		
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>	

Competitive Advantage: Differentiated Business Model



Notes: *Based on average development cost per room (excluding the cost of land), for our owned hotels (including owned hotels located on leased or licensed land), developed between the fiscal years 2011 and 2015 in the upper -midscale, midscale and economy hotel segments, respectively, which was lower than the average of select hotels in the respective hotel segments, for the same period; Source : HVS (India – 2016 Hotel Development Cost Survey)

#Source : Horwath Report; ^RevPAR Premium and Lower Average Operating Expenses/ Room of Lemon Tree as compared to industry leading to higher GOP

Process

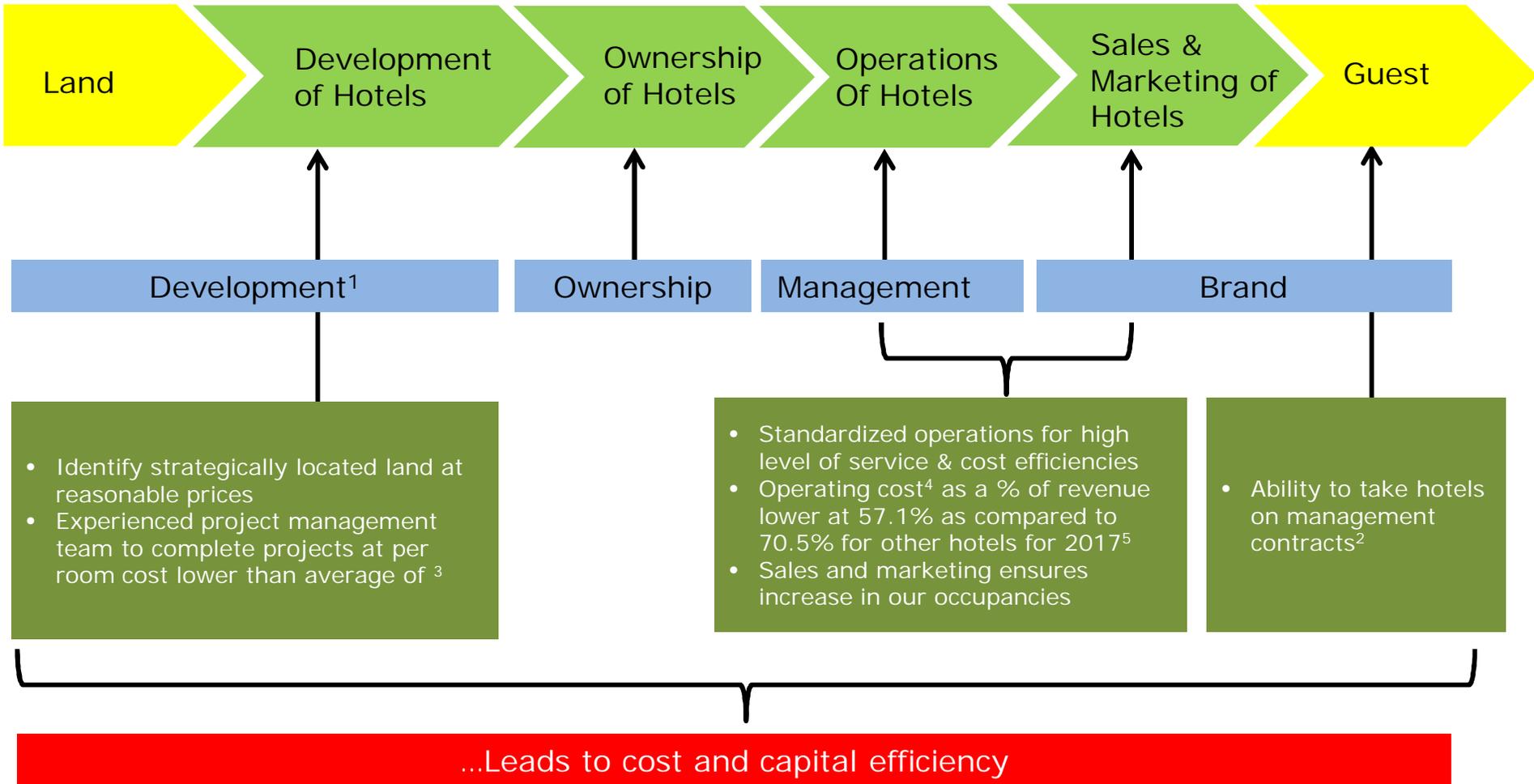
Presence across value chain



Lower than industry average development cost per room



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

Process

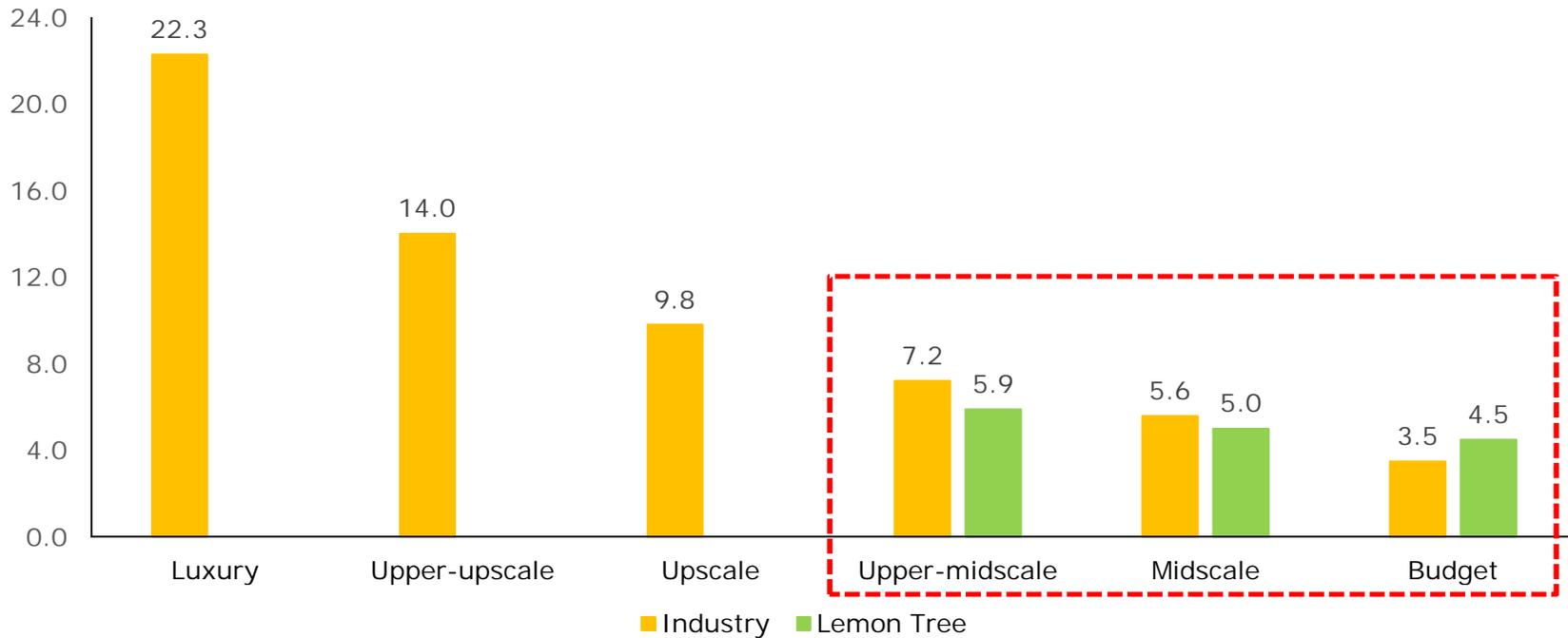
Presence across value chain



Lower than industry average development cost per room ^

Focus on culture & service differentiation with focus on domestic travellers

Average development cost, per room* (INR Mn.)



	Upper-midscale	Midscale	Budget
Lemon Tree development cost (% of industry)	82%	89%	129%
Lemon Tree average development cost (% of upper-upscale)	37%		

^ Lemon Tree's average development cost per room (excluding the cost of land) for owned hotels developed between 2011 and 2015 was lower than the average of select hotels in the respective hotel segments for the same period



Source: HVS (India – 2016 Hotel Development Cost Survey)

Process

Presence across value chain



Lower than industry average development cost per room



Focus on culture & service differentiation with focus on domestic travellers



- Ranked 4th in India and only Hotel chain in top 10 Best Companies to Work for by the Great Place to Work Institute, India in 2017
- Ranked 12th in Asia's Best Large Workplaces in 2018 by Great Place to Work Institute. Only Indian company in top 15
- The highly engaged work force provides superior service to customers

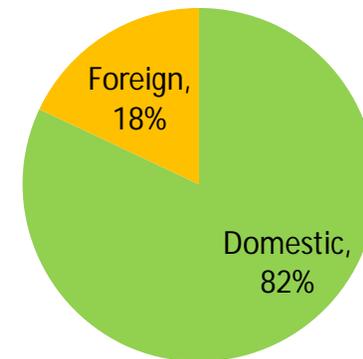
Superior service leads to higher Customer Satisfaction as demonstrated by TripAdvisor recognition



26 out of 41 hotels (which were operational for at least a year and were eligible for receiving this recognition) were awarded the TripAdvisor Certificate of Excellence for 2018

Focus on Domestic Customers

FY18





Value for money (ADR in Rs.) ^ Higher Average Occupancy * leads to Higher RevPAR# (INR)



○ Lemon Tree/Industry



Source : Industry data is sourced from FHRAI-Indian-Hotel-Survey-2016-17.
 ^ 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); Industry 2017 data is for all participating hotels in respective hotel segment

Cost

Lower Average Operating Expenses/ Room



Higher GOP^

Lower Operating Expense as % of Revenue

Lower Staff per room ratio

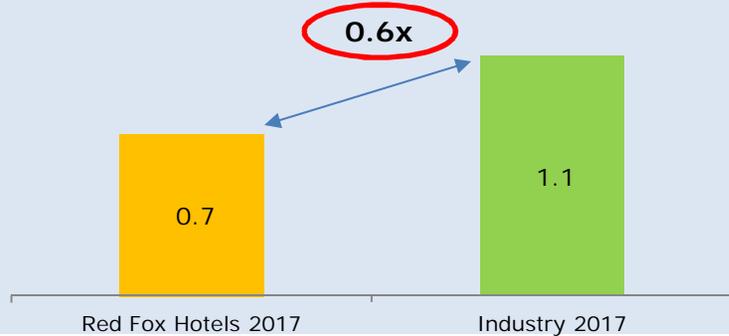
Upper Midscale



Midscale



Economy



Lemon Tree/Industry



Source : Industry data is sourced from FHRAI-Indian-Hotel-Survey-2016-17.

Summary | Relative Performance comparison (Lemon Tree vs. Industry Segments)

FY17	LT Group % of Five Star Aggregate	LTP % of Four Star Aggregate	LTH % of Three Star Aggregate	RFH % of Two Star Aggregate
Net ARR (INR)	59%	98%	115%	101%
Occupancy (%)	114%	109%	128%	128%
RevPAR (INR)	68%	107%	148%	129%
Total Revenue	53%	100%	110%	84%
Total Expenses	46%	85%	89%	65%
EBITDAR	65%	129%	160%	138%
Average development cost/room	37%	82%	89%	129%
ROCE	178%	158%	179%	108%
Staff/room	58%	70%	75%	65%

Capital

Low debt to equity ratio



Efficient Capital Deployment

Maintained an efficient capital structure with a balanced-asset model

- Track record of multiple simultaneous hotel developments – both organically and inorganically
- Present across the hotel value chain including both development and management of hotels

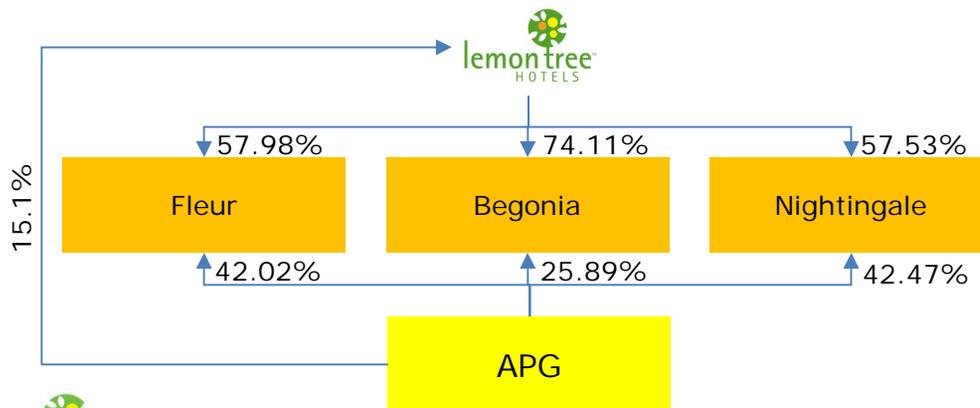
Development of hotels/ Scale up of portfolio

Stabilisation

- Standardized pre-opening and seamless day-to-day operations, at high levels of service and cost efficiencies
- A dynamic pricing policy
- Diversified team working to increase hotel occupancies and achieve operational and financial targets

Monetisation platform

- Sale of operational assets by divesting equity interest in certain operating hotels
- Capital recycled back into new development
- Retains management and control



- Transferred minority stake in subsidiaries operating certain operational hotels to APG since 2012
- Capital raised from APG was used to purchase land and develop additional hotels
- Lemon Tree continues to have operational control over hotels, while reducing costs - capital and operational
- Lemon Tree earns management fee from these hotels



Lemon Tree Hotel, Coimbatore



Lemon Tree Premier, City Center, Gurgaon



Lemon Tree Vembanad Lake, Alleppey, Kerala

Company Overview and Growth Plans

Lemon Tree – Snapshot

Leadership in mid-priced hotel sector

 **#1** mid-priced hotel sector¹ chain by owned rooms^{2,4}
#3 overall hotel sector chain by owned rooms^{2,4}

1,301 rooms;
10 hotels

Lemon Tree Premier



Targeted primarily at the upper-midscale hotel segment typically comparable to 4-star and sometimes 3-star

2,515 rooms;
31 hotels

Lemon Tree Hotels



Targeted primarily at the midscale hotel segment typically comparable to 3-star

1,182 rooms;
9 hotels

Red Fox by Lemon Tree Hotels



Targeted primarily at the economy hotel segment typically comparable to 2-star

Key Statistics³



31 Cities for current operating hotels
+ **23** New cities for under development hotels
= **54** Cities by end of FY21



50 number of operating hotels*
+ **29** number of hotels under development*
= **79** Hotels by end of FY21*



4,998 number of rooms*
+ **3,238** number of rooms under development*
= **8,236** Rooms by end of FY21*



26 of 41 Eligible hotels operating for at least a year awarded TripAdvisor Certificate of Excellence for 2018



801,736 Members in loyalty program

Notes:

1. Includes upper midscale, midscale and economy hotels
2. Source : 'Industry Report – Mid Priced Hotel Sector' prepared by Horwath HTL India ("Horwath Report"); As of June 30, 2017
3. As of July 31, 2018
4. On the basis of controlling interest in owned and leased rooms

* Operating rooms include 2,796 owned, 481 leased and 1,721 managed rooms; Pipeline includes of 1,434 owned, 91 leased and 1,713 managed rooms



India's largest hotel chain in Mid-priced Hotel Sector ¹

Lemon Tree is the largest hotel chain in mid-priced hotel sector in India¹ and #3 in terms of total rooms ^{1,2}



Notes:

1. On the basis of controlling interest in owned and leased rooms, as of June 30, 2017, Ranking is based on inventory, unless otherwise indicated
2. Source : Horwath Report
3. Accor has minority investment in hotels with inventory aggregating 4,168 rooms; Accor's proportionate share of room's ownership is 1,642 rooms. Since it is only a minority stake ranking is Accor is not ranked in category of Owned Rooms
- 4 Top 12 classification is based on inventory as at March 31, 2017, the data for earlier years and as at June 30, 2017 is provided only for comparison purposes



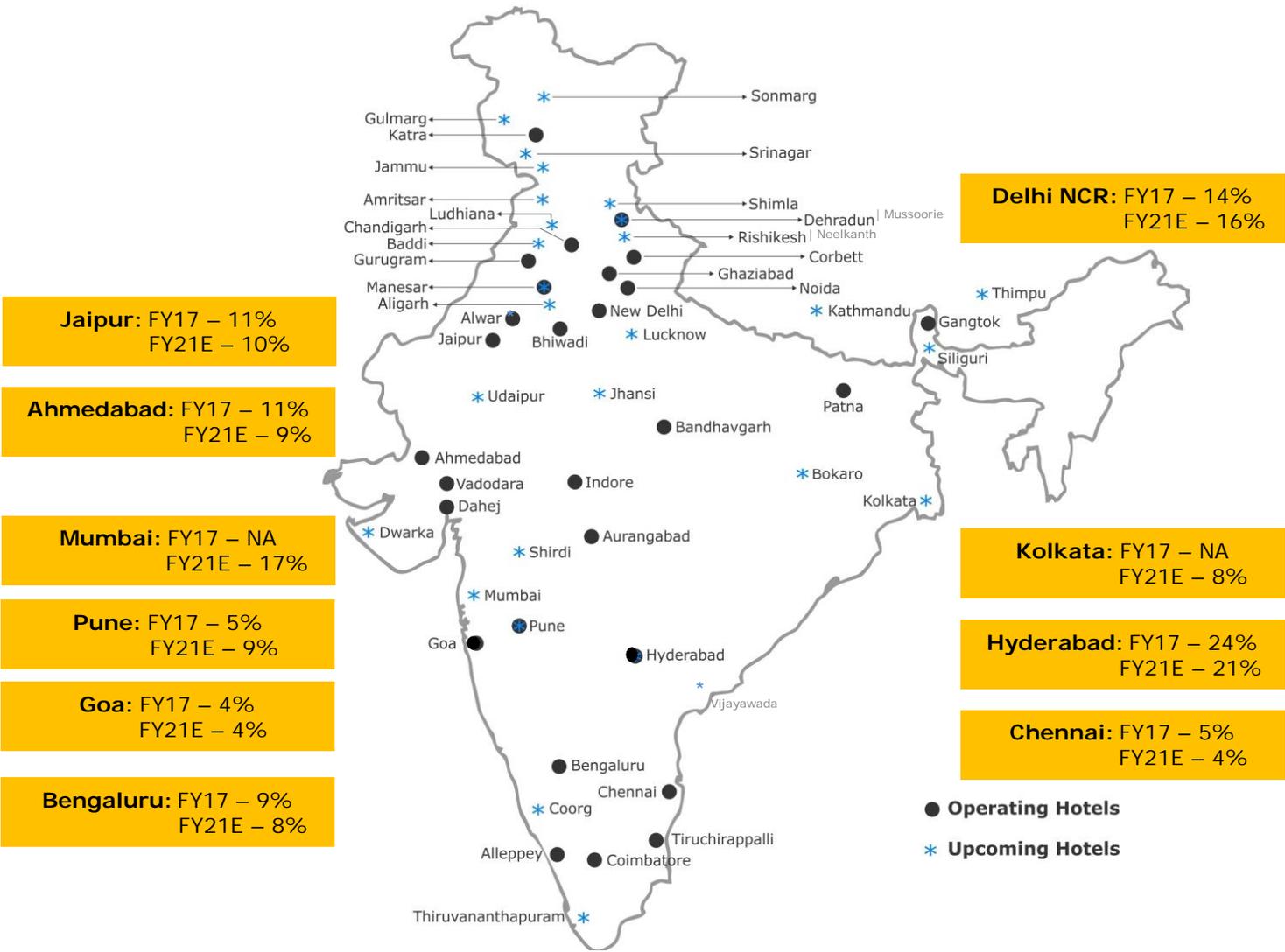
Strategically positioned in key geographies

Geographical spread across India and presence in key markets to cater effectively to corporate clients and business travelers

Hotel operations in each of the top 10 markets in India (based on hotel inventory)

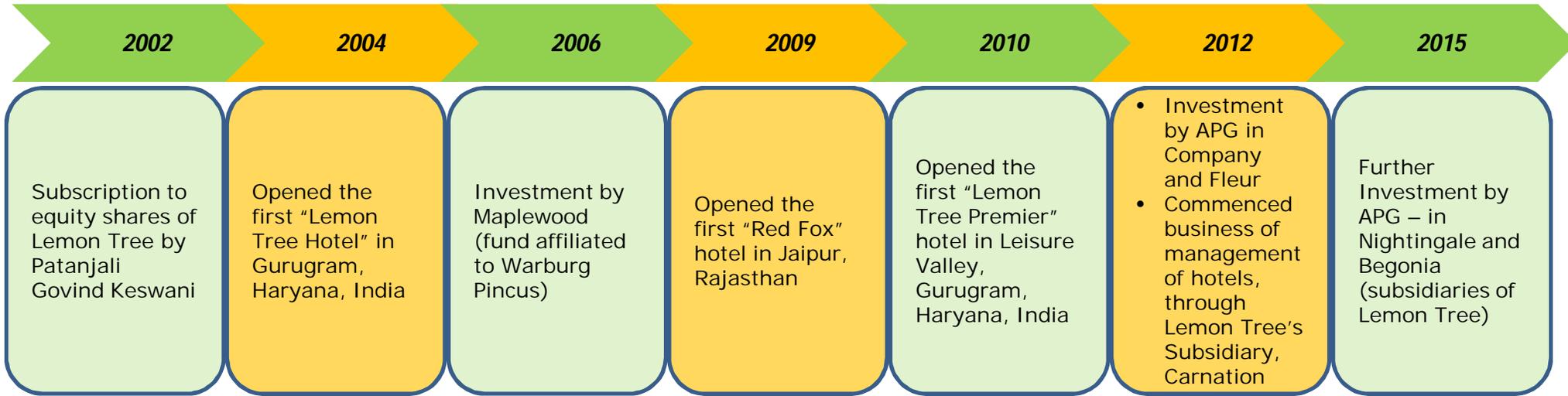
Focus in key micro markets to address demand and optimize pricing

Hotels at locations with high barrier-to-entry such as close to major business centers, airports etc.

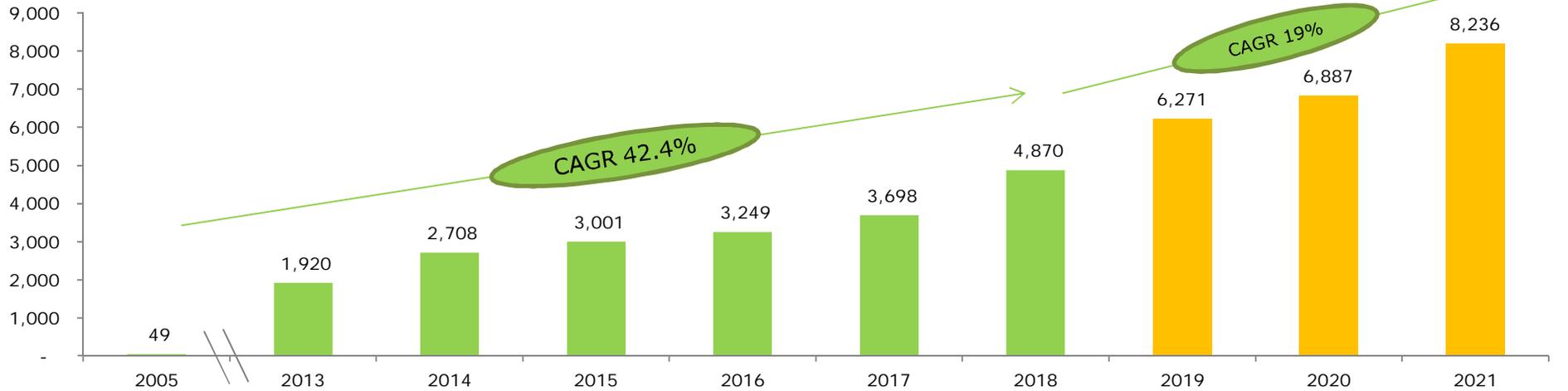


Source : Horwath Report
 Note: For FY21E, share based on total rooms by end of FY21 and Horwath projection of total mid-priced sector supply in these markets
 Map updated as of July 31, 2018

Milestones



Total number of rooms



All India Supply CAGR: 11.8%

All India Supply CAGR: 7.9%

LTH to All India: 3.7x

LTH to All India: 2.4x





Lemon Tree Amarante Beach, Goa



Lemon Tree Premier, Corbett

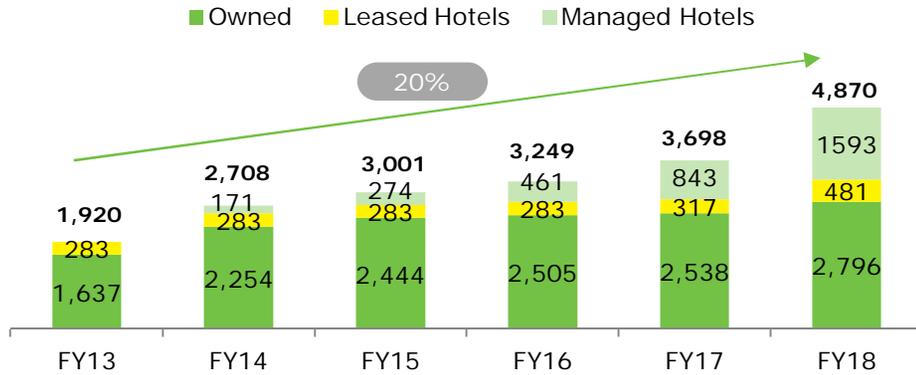


Lemon Tree Premier, Hyderabad

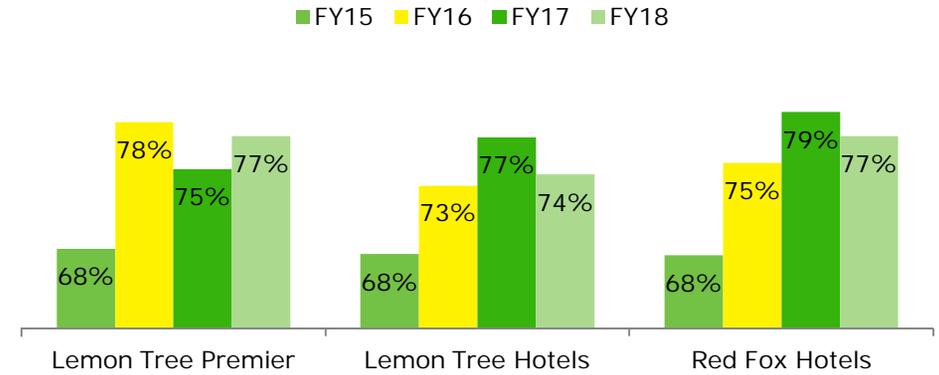
Strong Operating and Financial Performance

Strong operating performance

Rooms are being added...

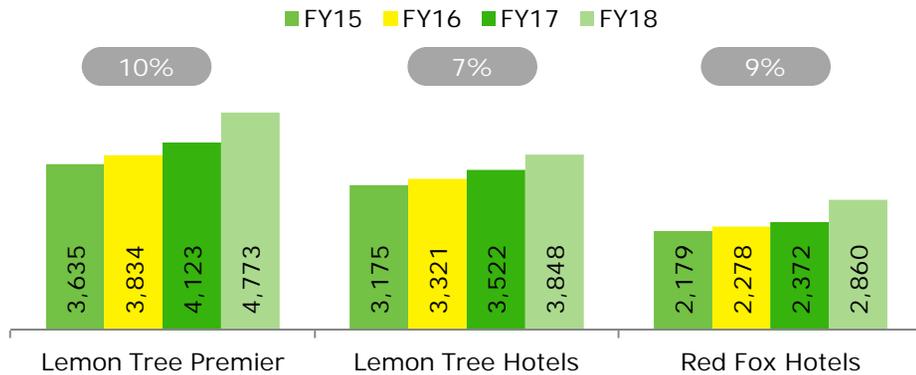


...and occupancy levels increasing...

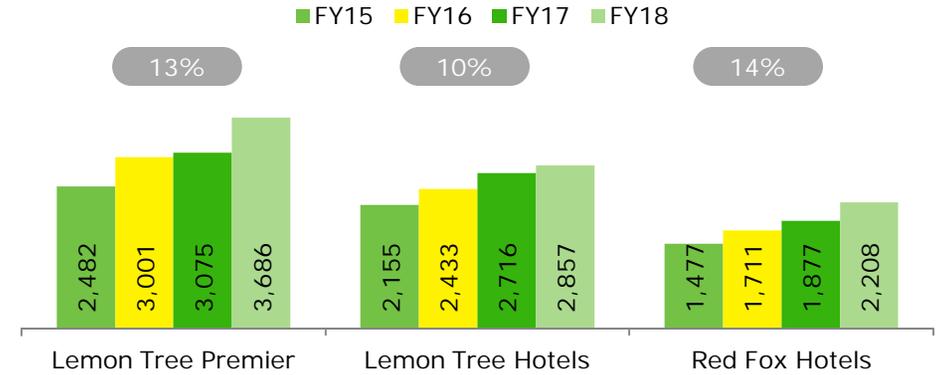


Note: Drop in occupancy levels is on account of new owned/leased supply addition by Lemon Tree in FY18

...coupled with increasing ADR...



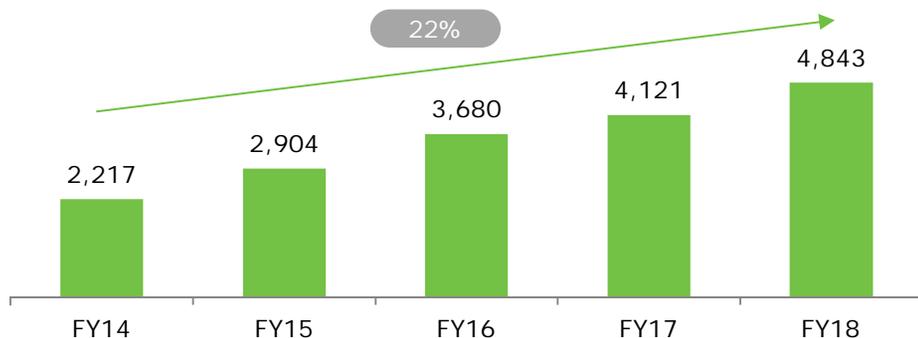
...leading to a RevPAR growth



Strong Growth and improving margins

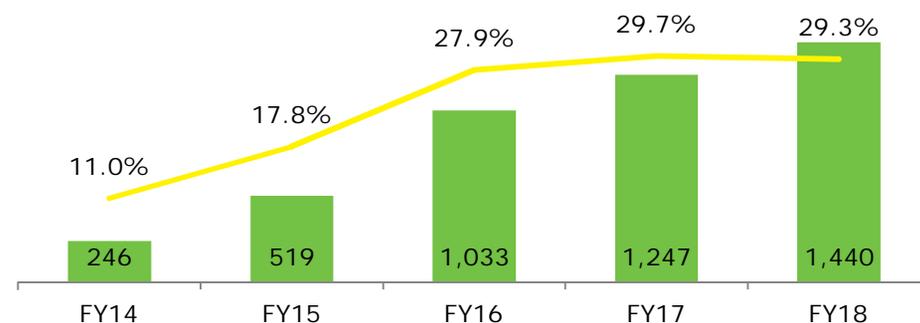
Revenue has increased at 22% over the last 5 years...

Revenue from operations (Rs. million)



...coupled with increasing EBITDA margins

EBITDA & EBITDA margins



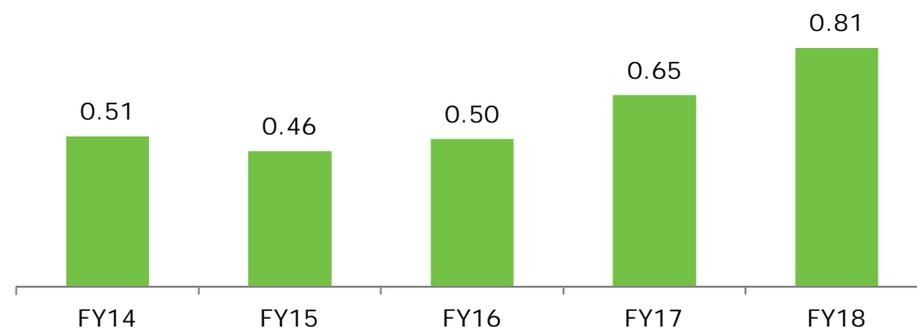
Increasing cash profit* growth

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



Gearing low

Debt/Equity



Performance of owned/leased hotels by ageing – FY18 vs. FY17

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	FY18	21	3	4	7
	FY17	21	3	-	
Operating Rooms (year-end)	FY18	2,727	128 ¹	422	1,525
	FY17	2,727	106 ¹	-	
Occupancy Rate (%)	FY18	77.6%	61.5%	66.0%	Deep demand markets (high occupancies)
	FY17	77.5%	51.6%	-	
Average Daily Rate (Rs.)	FY18	3,900	5,274	3,422	1.5x of Adult Hotels in that year4
	FY17	3,411	5,302	-	
Hotel level EBITDAR ² /room (Rs. million)	FY18	0.67	0.49	0.15	High4
	FY17	0.62	0.32	-	
Hotel level EBITDAR ² Margin (%)	FY18	44%	36%	15%	High4
	FY17	43%	32%	-	
Hotel level ROCE* ³ (%)	FY18	12%	6%	(1%)	2.0x of Adult Hotels in that year4
	FY17	11%	6%	-	

* Hotel level ROCE for hotels older than 5 years is 13% for FY18.

Notes:

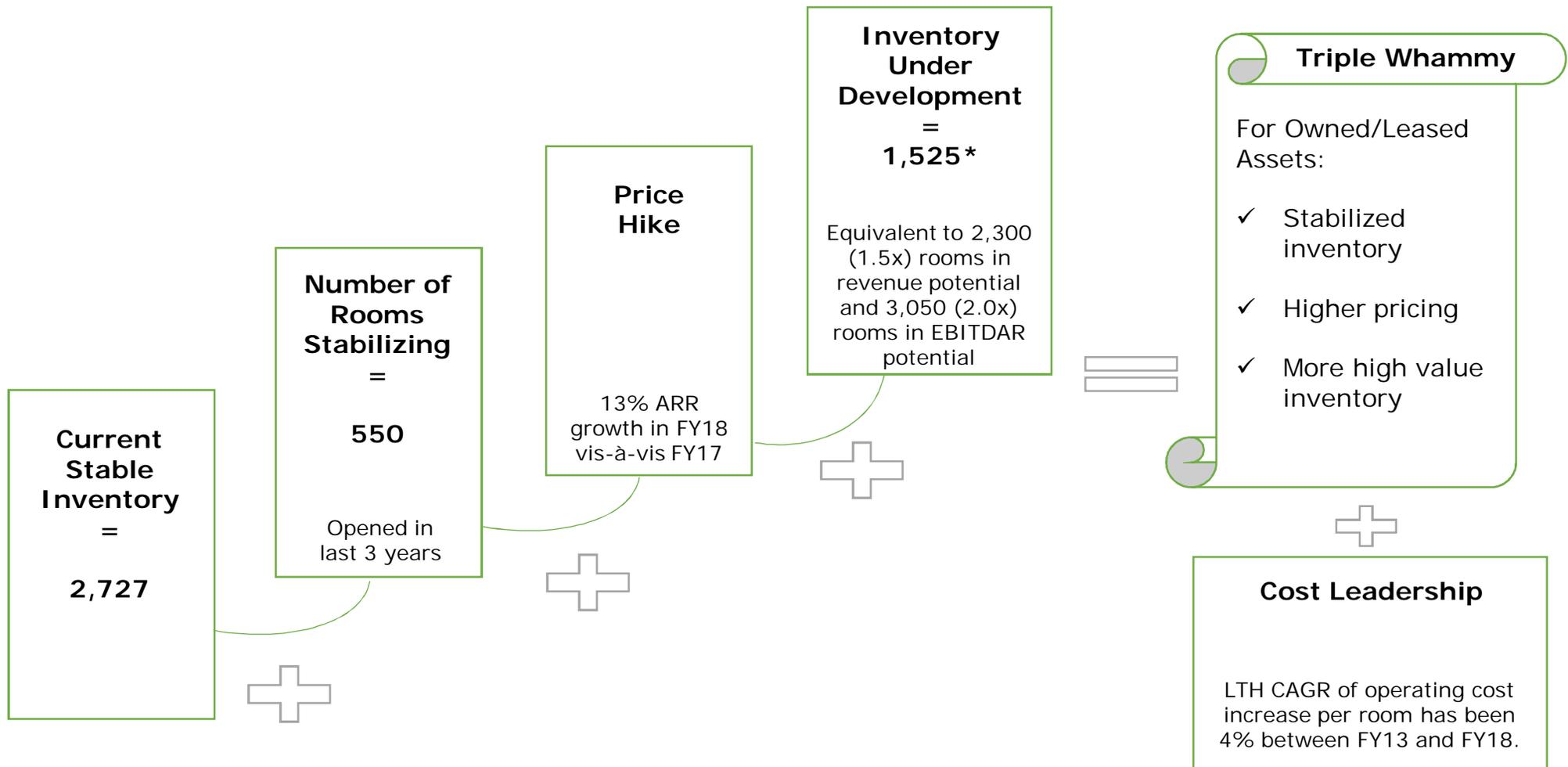
1) 22 rooms were added in Lemon Tree Wildlife resort, Bandhavgarh which were operational from November-2017

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.

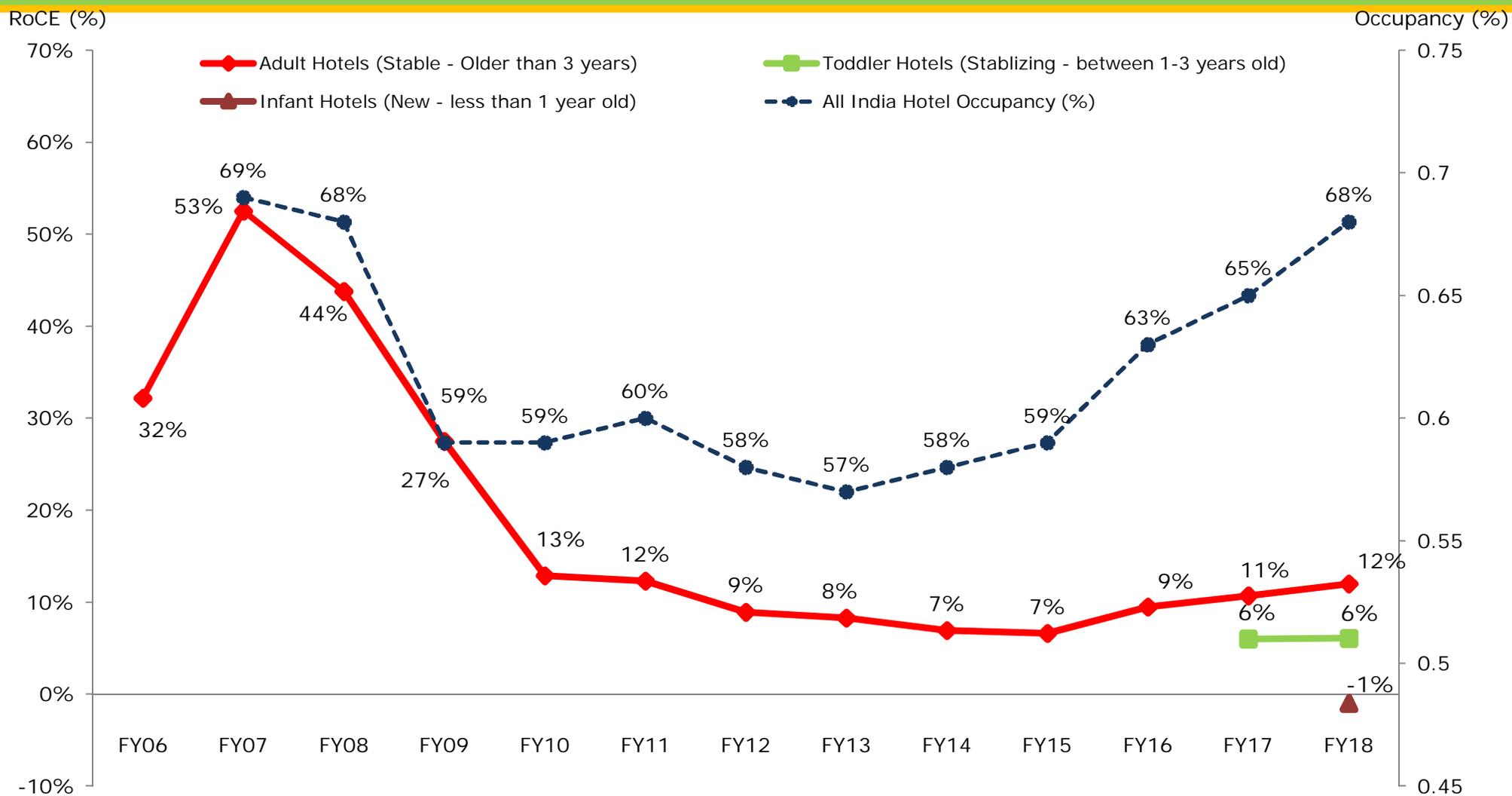
4) Post stabilization.

Key levers to drive better results



* Of these 1,525 rooms, currently 577 rooms are from Lemon Tree Premier, Mumbai International Airport. LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. This will increase the hotel's inventory by 94 rooms to 671, in which case total owned and leased inventory under development will increase to 1,619.

Lemon Tree Hotels RoCE : Hotel Buckets by ageing as on 31st March, 2018



Notes:

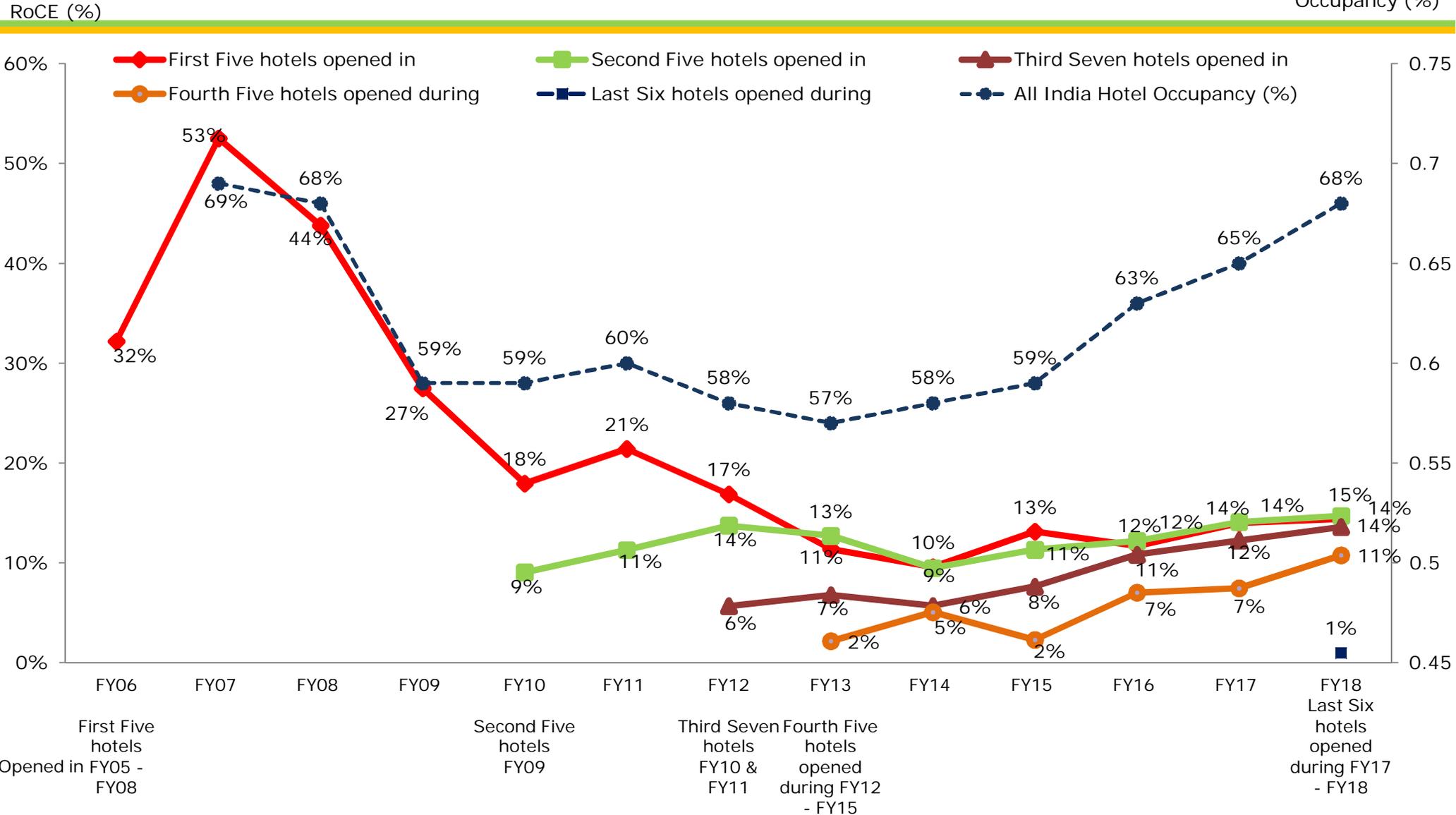
1. Hotel level RoCE is calculated as : (Hotel level EBITDAR - lease rentals)/Capital deployed for operational owned & leased hotels
2. Hotel RoCE is based on first full year of operation

Source : Industry occupancy is taken from Horwath HTL report.



Lemon Tree Hotels RoCE : Hotel Buckets by opening

Occupancy (%)



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.



Lemon Tree Hotel, Dehradun



Lemon Tree Premier, Ahmedabad



Lemon Tree Premier, Bengaluru

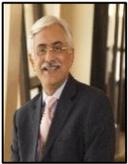
Corporate Governance and Sustainability

Board of Directors



Patanjali Govind Keswani (*Chairman and Managing Director*)

- Bachelor's degree in electrical engineering from the Indian Institute of Technology, New Delhi
- Postgraduate diploma degree in management from the Indian Institute of Management, Calcutta
- Worked in: Tata Administrative Service/Taj Group of Hotels: 17 years; Last role as the Chief Operating Officer of Taj Business Hotels
- Worked in: AT Kearney, New Delhi: 2 years; Director



Rattan Keswani (*Deputy Managing Director*) - **Not related to the Chairman and Managing Director**

- Bachelor's degree in commerce from the DAV College, Panjab University
- Diploma degree in hotel management from the Oberoi School of Hotel Management
- Worked in: The Oberoi Group; Last role as the President of Trident Hotels
- Over 30 years of experience in the hospitality industry and has been with Lemon Tree Hotels for over the last 6 years



Aditya Madhav Keswani (*Non-Executive Director*)

- Bachelor's degree in arts from the New York University



Ravi Kant Jaipuria (*Non-executive Director*)

- Promoter and Director of Varun Beverages Limited and RJ Corp
- A leading entrepreneur and business leader in India
- Over 30 years of experience in the food and beverage industry



Anish Saraf (*Non-executive Director*)

- Bachelor's degree in commerce from St. Xavier's College, Calcutta
- Postgraduate diploma degree in management from the Indian Institute of Management, Ahmedabad
- Serves as the Managing Director of Warburg Pincus, India
- Worked in: KPMG, India; Senior Manager
- Over 15 years of experience across the fields of private equity, management consulting and entrepreneurship



Willem Albertus Hazeleger (*Non-executive Director*)

- Executive master's degree in business administration from the Institut Européen d'Administration des Affaires (INSEAD)
- Executive master's degree in business administration from the Tsinghua University
- Serves as the Chief Executive Officer (CEO) of APG Investments Asia Limited, the Hong Kong subsidiary of the APG Asset Management N.V

Board of Directors (contd.)



Gopal Sitaram Jiwrajka (*Independent Director*)

- Bachelor's degree in commerce from the University of Bombay
- Serves as the Managing Director and whole-time Director of Salora International Limited
- Serves as a Director of PHD Chamber of Commerce and Industry
- Worked in: Panasonic AVC Networks India Company Limited; Last role as a Director
- Over 30 years of experience across the fields of manufacturing, marketing and consumer goods



Freyan Jamshed Desai (*Independent Director*)

- Bachelor's degree in law from the University of Delhi
- Master's degree in law from King's College, London
- Served as the General Counsel of the Novartis group of companies in India
- Worked in: Amarchand & Mangaldas & Suresh A. Shroff & Co; Last role as a Partner
- Over 30 years of experience across various legal fields



Paramartha Saikia (*Independent Director*)

- Bachelor's degree in economics from the University of Delhi
- Master's degree in arts (economics) from the University of Delhi
- Worked in: J. Walter Thomson Sdn. Bhd., Malaysia; Last role as the Chief Executive Officer (CEO)
- Worked in: Iris Worldwide Integrated Marketing Private Limited; Last role as the Chief Executive Officer (CEO)
- Worked in: Publicis India; Last role as the Chief Executive Officer (CEO)
- Over 30 years of experience across the fields of marketing and brand development



Pradeep Mathur (*Independent Director*)

- Bachelor's degree in commerce from the University of Poona
- Postgraduate diploma degree in management from the Indian Institute of Management, Ahmedabad
- Worked in: Tupperware, Asia Pacific; Last role as the Vice-President Finance and Chief Financial Officer
- Worked in: Tupperware, India; Last role as the as the Managing Director
- Over 30 years of experience across the fields of accounting, finance and leading a multinational company



Arvind Singhania (*Independent Director*)

- Promoter and Director of Ester Industries Limited
- Serves as the Chairman and Chief Executive Officer of Ester Industries Limited
- Over 30 years of experience across the fields of production, supply chain and people management



Ashish Kumar Guha (*Independent Director*)

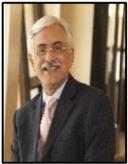
- Bachelor's degree in economics from the Jadavpur University in Kolkata
- Serves as a Director and Advisor to the Chairman of Ambit Private Limited
- Worked in: Lazard India Limited; Last role as the Chief Executive Officer (CEO)
- Worked in: Heidelberg Cement; Last role as the Chief Executive Officer (CEO)
- Over 30 years of experience across the fields of investment banking, advisory and industrial goods

Key Management Team



Patanjali Govind Keswani (Promoter, *Chairman and Managing Director*)

- Bachelor's degree in electrical engineering from the Indian Institute of Technology, New Delhi
- Postgraduate diploma degree in management from the Indian Institute of Management, Calcutta
- Worked in: Tata Administrative Service/Taj Group of Hotels: 17 years; Last role as the Chief Operating Officer of Taj Business Hotels
- Worked in: AT Kearney, New Delhi: 2 years; Director



Rattan Keswani (*Deputy Managing Director*) - **Not related to the Chairman and Managing Director**

- Bachelor's degree in commerce from the DAV College, Panjab University
- Postgraduate diploma degree in hotel management from the Oberoi School of Hotel Management
- Worked in: Oberoi Group; Last role as the President of Trident Hotels
- Over 30 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over the last 6 years



Davander Tomar (*Executive Vice-President, Corporate Affairs*)

- Bachelor's degree in commerce and law from the University of Delhi
- Master's degree in arts from the University of Delhi
- Worked in: Taj Group of Hotels: 18 years; Last role as the Security Manager for Taj Palace Hotel, New Delhi
- Over 30 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over the last 15 years



Vikramjit Singh (*President*)

- Bachelor's degree in commerce from the University of Delhi
- Postgraduate diploma degree in hotel management and administration from the Taj Group of Hotels
- Over 21 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over 13 years



Jagdish Kumar Chawla (*Executive Vice President - Projects and Engineering Services*)

- Diploma degree in electrical engineering from Pusa Polytechnic, Pusa, New Delhi
- Worked in: Taj Group of Hotels: 20 years
- Worked in: National Thermal Power Corporation, Bharti Electric Steel Company Limited and Mother Dairy
- Over 40 years of experience across the fields of engineering, constructions and operations
- Been with Lemon Tree Hotels for over the last 15 years



Kapil Sharma (*Chief Financial Officer*)

- Bachelor's degree in commerce from the University of Delhi
- Qualified chartered accountant
- Worked in: Leroy Somer & Controls India Private Limited; Last role as the Head of finance and accounts
- Over 22 years of experience across the fields of accounting, financing and investing
- Been with Lemon Tree Hotels for over the last 13 years

Key Management Team (contd.)



Sumant Jaidka (*Senior Vice President - Operations*)

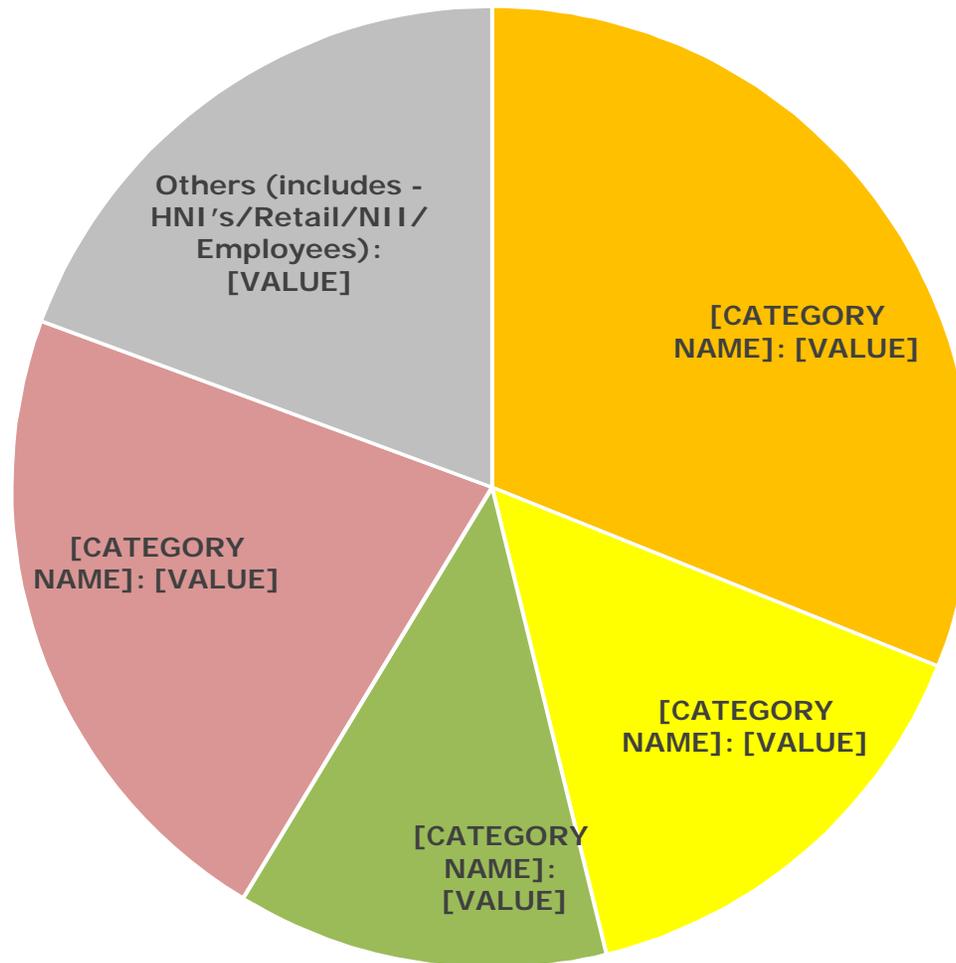
- Graduate degree in hotel Management from the Salzburg School of Austria
- Worked in: Taj Group of Hotels, Hilton, Maurya Sheraton, Crowne Plaza and Hyatt Regency across key managerial posts
- Over 30 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over the last 11 years



Prashant Mehrotra (*Chief Revenue Officer*)

- Graduate degree in hotel management from the Institute of Hotel Management, Gwalior
- Worked in: The Oberoi Group & Radisson Hotels across key managerial posts
- Over 17 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over the last 12 years

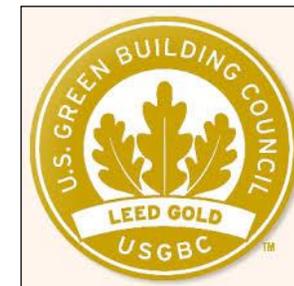
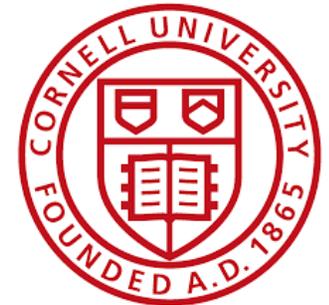
Shareholding structure



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



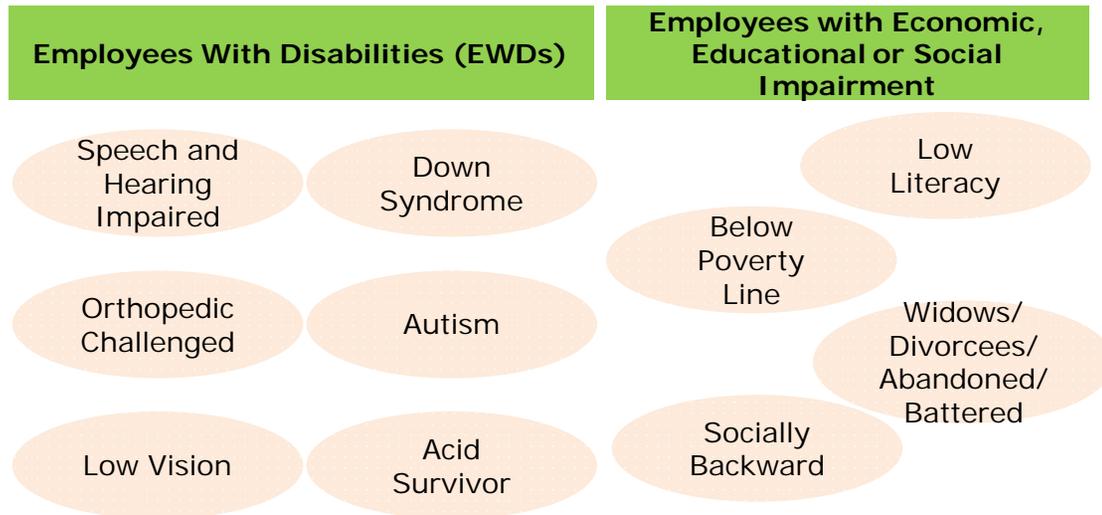
Committed to Employees, Environment and Community with socially inclusive work ethos

A. We provide employment and livelihood with dignity to 'Opportunity Deprived Indians' (ODI)

This initiative was started in 2007 and as of May 31, 2018, Lemon Tree has employed a total of around 900* Opportunity Deprived Indians, or about one fifth of its workforce.

Lemon Tree believes that the brand should stand for more than 'just profit'. The company has focused its efforts on creating a socially inclusive work environment which seeks to bring in people of different backgrounds, abilities and ethnicities and offer them work as a unified team with a common goal.

The company's guiding principle has been that Opportunity Deprived Indians (including physical, intellectual, social or economic disabilities) must be provided the same opportunities as others to realize their full potential and live with dignity.



* Includes all hotels: owned, leased and managed.

Video Links:

- 1) CNBC TV18 digital story: <https://www.youtube.com/watch?v=mAB0yazRFxU&t=67s>
- 2) Lemon Tree Initiative: <https://www.youtube.com/watch?v=f4Z3qcm8EqY&t=19s>

Committed to Employees, Environment and Community with socially inclusive work ethos (contd.)

B. Tribal Art

Lemon Tree Hotel is among the largest buyers, nationally, of tribal art from Bastar, Madhya Pradesh. This comprises primarily of bronze age bell metal sculptures and enables the company to financially support tribal craftsmen from this region by showcasing their art extensively across all of its hotels.

C. Giving Back To Society

Lemon Tree Hotel supports and partners with the following NGOs and societies:

Goonj: provides clothes and utensils to the impoverished.

Suniye: runs a school for Speech and Hearing Impaired children from economically weaker sections of society. provides extensive life skills support to these children.

Akshaya Patra: focus is to eliminate hunger in the city. It regularly provides a free meal to approximately 2000 destitute people in Delhi, across the city.

Muskaan: provides comprehensive education, vocational training and work opportunities to young people who are intellectually challenged.

Ramanujan Society: donates gifts to students for successfully clearing the IIT entrance exam.

D. Art Objects Through People For Animals

Lemon Tree supports People For Animals (PFA) by buying art sourced by PFA, which in turn is showcased across the company's hotels. The money paid to PFA goes to support the welfare and care of animals across India.

E. K9 Policy/Pooch Policy

Lemon Tree Hotel adopts a stray dog at each of its hotels across India. We name the dog, inoculate it and feed it well. Based on the personality of the dog, he/she is assigned a 'fun' role in the hotel and this brings joy to employees and guests alike.



Lemon Tree Amarante Beach, Goa



Lemon Tree Premier, Corbett



Lemon Tree Premier, Hyderabad

Appendix



Lemon Tree Hotel, Coimbatore



Lemon Tree Premier, City Center, Gurgaon

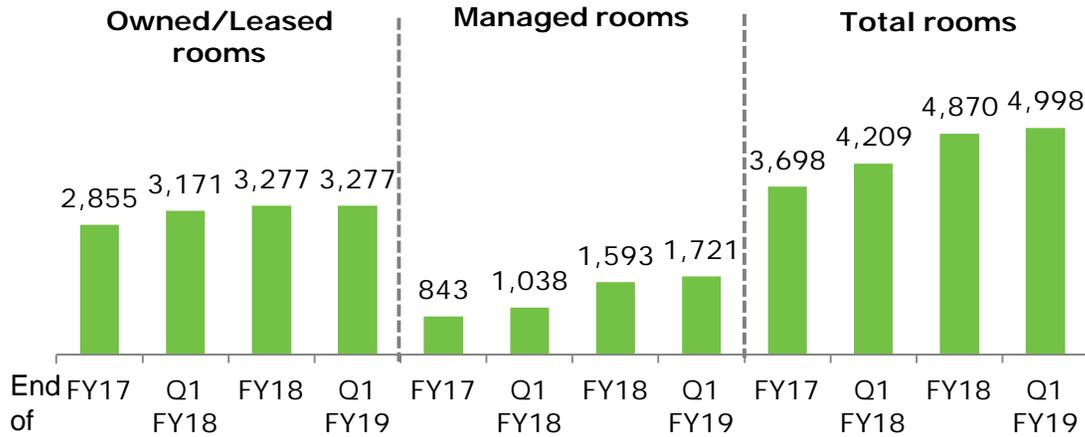


Lemon Tree Vembanad Lake, Alleppey, Kerela

Latest Performance – Q1 FY19 & FY18

Performance Highlights – Operational Metrics

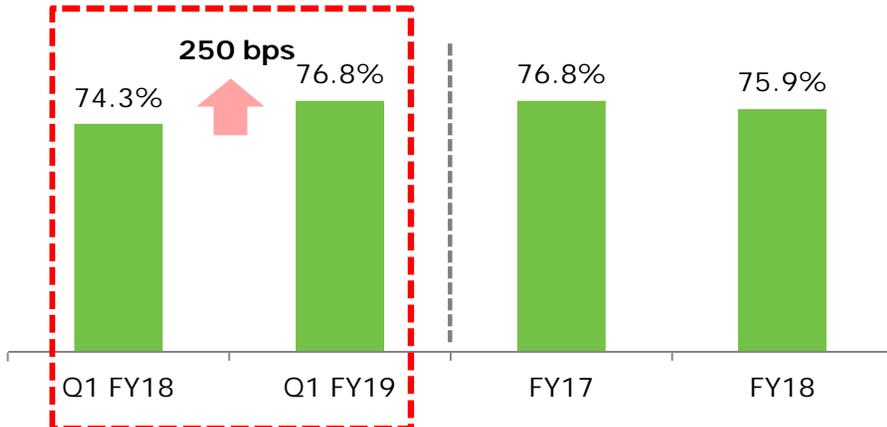
Operational Inventory



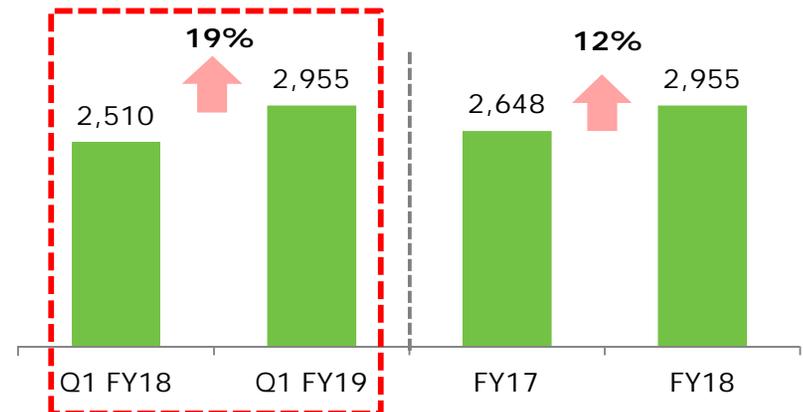
Average Daily Rate (Rs.)



Occupancy (%)



RevPAR (Rs.)



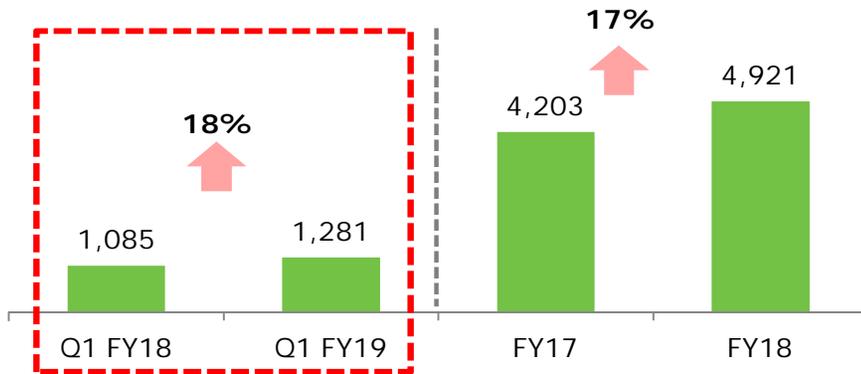
Note: Drop in occupancy levels is on account of new owned/leased supply addition by Lemon Tree in FY18



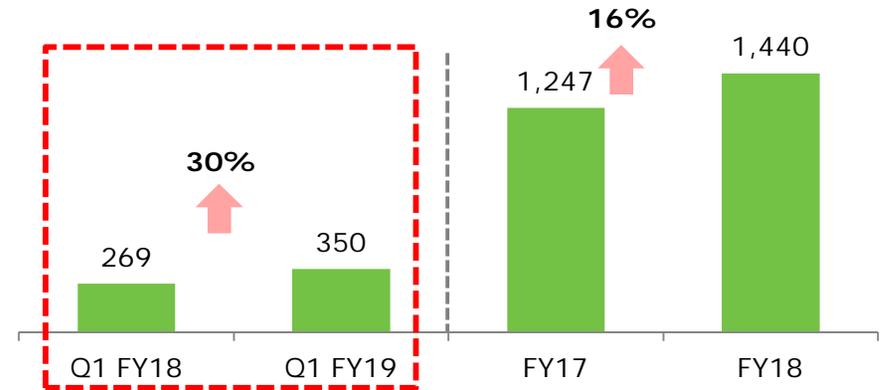
Note: ADR, Occupancy and RevPAR are for our owned and leased hotels only.

Performance Highlights – Financial Metrics (Consolidated)

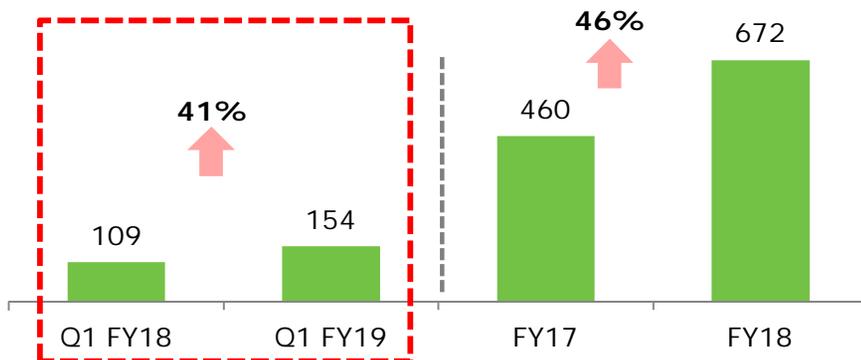
Total Income (Rs. million)



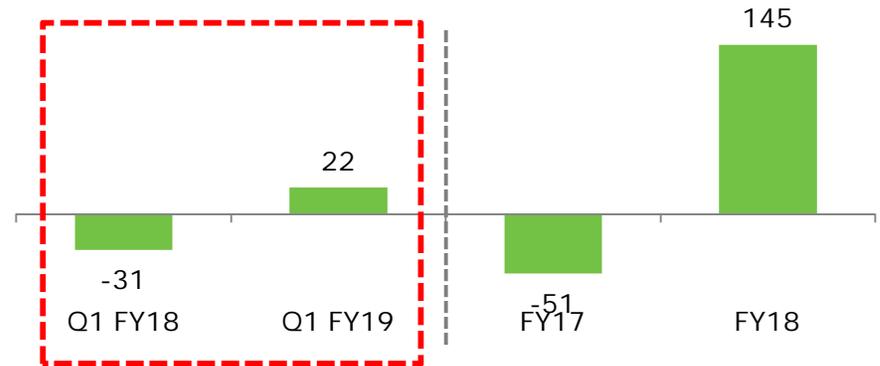
EBITDA (Rs. million)



Cash profit (PAT + Depreciation, Rs. million)



PAT (Rs. million)



Note: The results of first quarter are not indicative of full year's performance due to seasonal nature of the business.

Discussion on Consolidated Financial & Operational Performance – Q1 FY19

Operational Rooms & Pipeline

- * As of 30 June, 2018, operational portfolio comprised of 49 hotels and 4,887 rooms : 2,796 owned, 481 leased and 1,610 managed rooms
- * In July 2018, added 1 hotel with 111 rooms to operational portfolio, taking the total for operational hotels to 50 and operational rooms to 4,998. Added 1 hotel with 49 rooms to the pipeline, taking the total of pipeline to 3,238 rooms
- * Propose to add another 1,594 rooms to the operational inventory by the end of Q1 FY20 of which 869 rooms are owned/leased and 725 rooms are managed. All owned/leased rooms are opening in high barrier-to-entry and demand dense markets with high occupancies and ADR's. This addition of owned rooms includes 298 rooms in Mumbai, 199 rooms in Pune-city centre, 139 rooms in Udaipur and 142 rooms in Kolkata
- * Plan to operate 66 hotels with 6,592 rooms across 43 cities by end of Q1 FY20
- * Plan to operate 79 hotels with 8,236 rooms across 54 cities by FY21

Revenue

- * Total Revenue stood at Rs. 1,281 million in Q1 FY19, up 18% as compared to Rs. 1,085 million in Q1 FY18. Around 3% increase was on account of new inventory addition
- * Price hike achieved in H2 FY18 had a positive impact on ADR in Q1 FY19; ADR increase was 15% as compared to ADR in Q1 FY18
- * Occupancy increased by 250 bps from 74.3% in Q1 FY18 to 76.8% in Q1 FY19
- * Fees from managed hotels stood at Rs. 47.8 million (3.7% of the total revenue) in Q1 FY19 as compared to Rs. 26.5 million (2.4% of the total revenue) in Q1 FY18

Cost

- * Total expenses increased by 14% in Q1 FY19 as compared to expenses in Q1 FY18. Around 4% increase was on account of new inventory and around 2% increase is due to change in business mix (more OTA bookings)

Operating Margins

- * EBITDA increased by 30% from Rs. 269 million in Q1 FY18 to Rs. 350 million in Q1 FY19
- * EBITDA margins expanded by 250 bps from 24.8% in Q1 FY18 to 27.3% in Q1 FY19

Profit after tax

- * Profit after tax of Rs. 22 million in Q1 FY19 as compared to loss of Rs. 31 million in Q1 FY18
- * Cash profit increased by 41% to Rs. 154 million in Q1 FY19 as compared to Rs. 109 million in Q1 FY18

Profit & Loss Statement (Consolidated)

Rs. million	Q1 FY19	Q1 FY18	Change (%)
Revenue from operations	1279	1083	18%
Other income	2	2	(15%)
Total income	1281	1085	18%
Cost of F&B consumed	119	100	19%
Employee benefit expenses	292	252	16%
Other expenses	520	464	12%
Total expenses	931	816	14%
EBITDA	350	269	30%
EBITDA margin (%)	27.3%	24.8%	250 bps
Finance costs	197	190	4%
Depreciation & amortization	131	140	(6%)
PBT	43	(44)	-
Tax expense	20	(13)	-
PAT	22	(31)	-
Cash Profit	154	109	41%

FY18	FY17	Change (%)
4,843	4,121	18%
78	82	(5%)
4,921	4,203	17%
436	353	23%
1,096	969	13%
1,949	1,634	19%
3,481	2,956	18%
1,440	1,247	16%
29.3%	29.7%	(40) bps
784	776	1%
526	510	3%
183	(3)	-
38	48	(21%)
145	(51)	-
672	459	46%

Balance Sheet Snapshot (Consolidated)

Rs. million	FY17	FY18
Shareholder's Funds	8,086	8,148
Non-controlling interests	4,284	4,286
Total Shareholder's equity	12,370	12,435
Total Debt	7,987	10,110
Other Non-current liabilities	294	344
Other Current liabilities	1,467	1,693
Total Equity & Liabilities	22,117	24,582
Non-current assets	21,281	23,200
Current assets	836	1,382
Total Assets	22,117	24,582
Debt to Equity (x)	0.65	0.81
Average cost of borrowing (%)	11.61%	9.53%

Portfolio as on 30th June, 2018

Operational Portfolio	Owned		Leased		Managed		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
30.06.2018								
Lemon Tree Premier	4	796	2	161	4	344	10	1,301
Lemon Tree Hotels	13	1,241	4	320	14	954	31	2,515
Red Fox Hotels	5	759	-	-	4	312	8	1,071
Total	22	2,796	6	481	22	1,610	49	4,887

Pipeline	Owned		Leased		Managed		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
30.06.2018								
Lemon Tree Premier	5	1,355	-	-	4	357	9	1,712
Lemon Tree Hotels	1	79	-	-	16	1,227	17	1,306
Red Fox Hotels	-	-	1	91	2	191	3	282
Total	6	1,434	1	91	22	1,775	29	3,300

- * Between July 1, 2018 and July 31, 2018, 1 hotel with 111 rooms have been operationalized from the pipeline, taking the total for operational hotels to 50 and operational rooms to 4,998
- * Between July 1, 2018 and July 31, 2018, 1 hotel with 49 rooms have been added to the pipeline, taking the total of pipeline to 3,238 rooms
- * 869 owned/leased rooms and 725 additional managed rooms will be operational by the end of Q1 FY20
- * Balance rooms will be operationalized by FY21

Of these owned 1,434 rooms in pipeline, currently 577 rooms are from Lemon Tree Premier, Mumbai International Airport. LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. This will increase the hotel's inventory by 94 rooms to 671, in which case total owned inventory in pipeline will increase to 1,528.

Operational Performance by Brands – FY18 vs. FY17

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			Q1 Hotel level EBITDAR ² /room (Rs. million)			Hotel level EBITDAR ² Margin		
	Q1 FY19	Q1 FY18	Change (bps)	Q1 FY19	Q1 FY18	Change (%)	Q1 FY19	Q1 FY18	Change (%)	Q1 FY19	Q1 FY18	Change (bps)
By Brand												
Lemon Tree Premier	82.1%	77.6%	450	4,770	4,016	19%	0.23	0.20	20%	46%	45%	120
Lemon Tree Hotels	73.9%	75.0%	(110) ¹	3,804	3,364	13%	0.11	0.11	(1%) ¹	31%	34%	(220) ¹
Red Fox Hotels	76.1%	68.5%	760	2,903	2,423	20%	0.11	0.08	46%	43%	40%	340

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			FY Hotel level EBITDAR ² /room (Rs. million)			Hotel level EBITDAR ² Margin		
	FY18	FY17	Change (bps)	FY18	FY17	Change (%)	FY18	FY17	Change (%)	FY18	FY17	Change (bps)
By Brand												
Lemon Tree Premier	77.2%	74.6%	260	4,773	4,123	16%	0.88	0.75	17%	46%	43%	280
Lemon Tree Hotels	74.2%	77.1%	(290) ¹	3,848	3,522	9%	0.51	0.60	(15%) ¹	36%	42%	(630) ¹
Red Fox Hotels	77.2%	79.1%	(190) ¹	2,860	2,372	21%	0.43	0.40	8%	45%	43%	180

Notes:

- 1) Drop in occupancy levels, hotel level EBITDAR/room and hotel level EBITDAR margin is on account of new owned/leased supply addition by Lemon Tree in that particular period.
- 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.

Expansion Plans – Hotels under Development

Under-development hotels	Type	Rooms	Expected Opening date	Ownership (%)
Red Fox Hotel, Dehradun	Leased (40 years)	91	Sep-18	57.98%
Lemon Tree Premier, City Centre, Pune	Owned	199	Dec-18	57.98%
Lemon Tree Premier, Andheri (East), Mumbai	Owned	298	Jan-19	100.00%
Lemon Tree Premier, Udaipur	Owned	139	Apr-19	57.98%
Lemon Tree Premier, Kolkata	Owned	142	Apr-19	57.98%
Lemon Tree Vembanad Lake Resort, Alleppey, Kerala ¹	Owned	10	Oct-20	100.00%
Lemon Tree Mountain Resort, Shimla	Owned	69	Dec-20	100.00%
Lemon Tree Premier, Intl. Airport, Mumbai ²	Owned	577	Mar-21	57.98%
Total		1,525		

- * Total estimated project cost is Rs. 17,250 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, 2018 is Rs. 9,310 million
- * Balance investment of Rs. 7,940 million will be deployed over the next 3 years in a phased manner, the majority of which will be through internal accruals

Notes: 1) Expansion in existing hotel.

2) LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. This will increase the hotel's inventory by 94 rooms to 671, in which case total owned and leased inventory under development will increase to 1,619

Expansion Plans – Pipeline of Management Contracts (as of 31st July, 2018)

Management Contracts Pipeline	Rooms	Expected Opening date	Tenure
Lemon Tree Hotel, Lucknow	51	Sep-18	11
Red Fox Hotel, Alwar (new addition after March-2018)	49	Dec-18	15
Lemon Tree Hotel, Shirdi	59	Jan-19	12
Lemon Tree Hotel, Rishikesh	102	Jan-19	12
Lemon Tree Hotel, Amritsar	65	Jan-19	10
Red Fox Hotel, Neelkanth (new addition after March-2018)	80	Feb-19	12
Lemon Tree Premier, Rishikesh (new addition after March-2018)	66	Feb-19	12
Lemon Tree Hotel, Gulmarg	35	Mar-19	10
Lemon Tree Premier, Dwarka	108	Mar-19	15
Lemon Tree Hotel, Bokaro	70	Mar-19	10
Managed rooms to be operational in FY19	685		
Lemon Tree Resort, Mussoorie (new addition after March-2018)	40	Apr-19	12
Lemon Tree Hotel, Gwalior (new addition after March-2018)	104	July-19	
Lemon Tree Hotel, Jhansi	60	July-19	12
Lemon Tree Hotel, Aligarh	68	July-19	12
Lemon Tree Premier, Coorg	63	Oct-19	15
Managed rooms to be operational in FY20	335		
Lemon Tree Suites, Manesar	260	Apr-20	15
Lemon Tree Hotel, Sonamarg	40	Apr-20	10
Lemon Tree Hotel, Kathmandu	75	Apr-20	12
Lemon Tree Hotel, Thimpu	38	Oct-20	10
Lemon Tree Hotel, Ludhiana	60	Dec-20	10
Lemon Tree Hotel, Trivandrum	100	Jan-21	10
Lemon Tree Premier, Vijaywada (new addition after March-2018)	120	Mar-21	15
Managed rooms to be operational in FY21	693		
Total managed rooms in pipeline	1,713		



Lemon Tree Premier, Corbett



Lemon Tree Premier, Aerocity



Red Fox Hotel, Delhi Airport

Under Development Hotels

Lemon Tree Premier – Pune | Image Representation



Note: Hotel is expected to have 199 rooms and expected month of opening is December-2018.

Lemon Tree Premier – Pune



Note: Photograph as on July, 2018
Hotel is expected to have 199 rooms and expected month of opening is December-2018.

Lemon Tree Premier – Mumbai (Andheri) | Image Representation



Lemon Tree Premier – Mumbai (Andheri)



Note: Photograph as on July, 2018
Hotel is expected to have 298 rooms and expected month of opening is January-2019.

Lemon Tree Premier – Udaipur | Image Representation



Note: Hotel is expected to have 139 rooms and expected month of opening is April-2019.

Lemon Tree Premier – Udaipur



Lemon Tree Premier – Kolkata | Image Representation



Note: Hotel is expected to have 142 rooms and expected month of opening is April-2019.

Lemon Tree Premier – Kolkata



Note: Photograph as on July, 2018
Hotel is expected to have 142 rooms and expected month of opening is April-2019.

Lemon Tree Mountain Resort – Shimla | Image Representation



Lemon Tree Mountain Resort – Shimla



Note: Photograph as on July, 2018
Hotel is expected to have 69 rooms and expected month of opening is December-2020.

Lemon Tree Premier – Mumbai Airport | Image Representation



Note: Currently, hotel is expected to have 577 rooms. LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. This will increase the hotel's inventory by 94 rooms to 671. Expected month of opening is March-2021.

Lemon Tree Premier – Mumbai Airport



Note: Photograph as on July, 2018

Currently, hotel is expected to have 577 rooms. LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. This will increase the hotel's inventory by 94 rooms to 671. Expected month of opening is March-2021.

Thank You