

# **Lemon Tree Hotels announces major corporate reorganization**

Lemon Tree Hotels and Fleur Hotels have announced that their respective Boards of Directors have approved a Composite Scheme of Arrangement (the “Scheme”). The proposed reorganisation is aimed at simplifying the group structure, sharpening strategic focus and unlocking long-term value for shareholders, subject to requisite regulatory and shareholder approvals.

## **Creation of two focused hospitality platforms**

The proposed Scheme will result in the formation of two clearly differentiated and complementary hospitality platforms:

- Lemon Tree Hotels Limited will operate as a pure-play, asset-light hotel management and brand platform, focused on management contracts, franchising, digital capabilities and brand-led growth.
- Fleur Hotels Limited, currently a subsidiary of Lemon Tree, will emerge as a large-scale, growth-oriented hotel ownership and development platform, backed by a strong operating portfolio and a robust pipeline.

## **Warburg Pincus investment and share transactions**

The Board has also approved the following key transactions involving Warburg Pincus:

- Execution of a Share Purchase Agreement under which Coastal Cedar Investment B.V., an affiliate of Warburg Pincus, will acquire the entire 41.09% equity stake held by APG Strategic Real Estate Pool N.V. in Fleur; and
- Execution of a Shareholders’ Agreement providing for a primary investment of up to INR 960 crore by Warburg Pincus in Fleur, to be infused in tranches to support future growth.

This transaction marks a renewed partnership between Warburg Pincus and Lemon Tree, following Warburg Pincus’ initial investment in 2006 that

supported Lemon Tree's early expansion into one of India's leading hospitality platforms.

### Asset ownership and operating model realignment

Under the NCLT-approved Scheme, all hotel assets currently owned by Lemon Tree will be transferred to Fleur, which will become the group's exclusive hotel asset ownership and development company. Fleur will lead all future acquisitions and hotel development initiatives.

Lemon Tree will transition fully to an asset-light model, focusing on hotel management, franchising, distribution and digital businesses.

The Scheme will also result in the listing of Fleur Hotels' shares on both the National Stock Exchange of India and the Bombay Stock Exchange.

Patanjali Govind Keswani, Founder of Lemon Tree Hotels, will serve as Executive Chairman of Fleur Hotels and will subsequently transition to a Non-Executive role at Lemon Tree.

### Strong hospitality sector tailwinds

The reorganisation coincides with a period of sustained growth in India's hospitality sector, driven by rising disposable incomes, increased discretionary spending, strong domestic air, rail and road travel, a rebound in international tourism and sustained government investment in aviation, highways and high-speed rail infrastructure. Growing corporate travel and India's emergence as a key Meetings, Incentives, Conferences and Exhibitions (MICE) destination further reinforce long-term demand fundamentals.

### Leadership commentary

Commenting on the announcement, Patanjali Govind Keswani said the Scheme is designed to create a simplified, transparent and growth-oriented structure that enhances long-term shareholder value. He added that the renewed partnership with Warburg Pincus represents a defining moment in Fleur's next phase of expansion, allowing both Lemon Tree and Fleur to scale responsibly while embedding digital capability and sustainability at the core of their long-term strategy.

Anish Saraf, Managing Director, Warburg Pincus, said the firm is pleased to once again partner with Lemon Tree's leadership to support the next phase of growth. He highlighted Lemon Tree's pioneering role in India's mid-market hospitality segment and expressed confidence in the platform's scalability amid favourable industry fundamentals.

Dominic Doran, Senior Director – Real Estate, Asia Pacific, APG Asset Management, said APG is proud to have supported Fleur Hotels for over a decade and noted that the transaction represents the culmination of a full-cycle investment in one of the world's fastest-growing economies.

### Key highlights of the Composite Scheme

- Appointed date: 1 April 2026
- Lemon Tree will merge two wholly owned subsidiaries—Carnation Hotels and Hamstede Living—into itself.
- Four wholly owned subsidiaries (Oriole Dr. Fresh, Sukhsagar Complexes, Manakin Resorts and Canary Hotels) will merge into Fleur, against issuance of shares by Fleur to Lemon Tree.
- Twelve hotels (11 operational and one under construction in Shimla), along with development capabilities and an investment in a Shillong hotel through a 100% subsidiary, will be demerged into Fleur.
- Post-demergers shareholding: Lemon Tree shareholders will own 32.96% of Fleur, Lemon Tree will hold 41.03% directly and Warburg Pincus 26.01% (excluding dilution from the primary investment).
- Following completion of approvals, Fleur will be listed as a separate entity within an expected timeframe of 12–15 months.

### Strategic rationale

The proposed structure creates two complementary, high-growth platforms—an asset-light management and brand business and a large-scale ownership and development platform—each with clear strategic focus. The infusion of capital

from Warburg Pincus will strengthen Fleur's balance sheet, enabling disciplined growth through development and acquisitions while mitigating risk.