

LEELA PALACES HOTELS & RESORTS LIMITED

(formerly known as Schloss Bangalore Limited)

(formerly known as Schloss Bangalore Private Limited)

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Date: October 22, 2025

To	To
Sr. General Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400001 Scrip Code- 544408 ISIN - INE0AQ201015	Sr. General Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai – 400 051 Symbol- THELEELA ISIN - INE0AQ201015

Sub: Transcript of the Analysts / Institutional Call

Dear Sir/ Madam,

In continuation to our letter dated October 09, 2025 and pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Q2 FY26 Earnings Conference Call held on October 14, 2025.

The above information will also be available on the website of the Company at www.theleela.com/investors.

We request you to kindly take the above on record.

Thanking you,

For Leela Palaces Hotels & Resorts Limited

(formerly known as Schloss Bangalore Limited)

(formerly known as Schloss Bangalore Private Limited)

Jyoti Maheshwari

Company Secretary and Compliance Officer

Membership No.: A24469

Encl.: as Above



Leela Palaces Hotels & Resorts Limited

(formerly known as Schloss Bangalore Limited)

Q2 FY'26 Earnings Conference Call

October 14, 2025



MANAGEMENT: **MR. ANURAAG BHATNAGAR – WHOLE TIME
DIRECTOR & CHIEF EXECUTIVE OFFICER, LEELA
PALACES HOTELS & RESORTS LIMITED
MR. RAVI SHANKAR – HEAD OF ASSET MANAGEMENT
& CHIEF FINANCIAL OFFICER, LEELA PALACES
HOTELS & RESORTS LIMITED
MR. ANKUR GUPTA – DEPUTY CHIEF INVESTMENT
OFFICER & HEAD (APAC & MIDDLE EAST REGION,
REAL ESTATE), BROOKFIELD (SPONSOR)**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY'26 Earnings Call of Leela Palaces Hotels & Resorts Limited, formerly known as Schloss Bangalore Limited.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this call is being recorded.

I now hand the conference over to Mr. Cyril Paul from Ernst & Young IR. Thank you and over to you.

Cyril Paul: Thank you. Good day, everyone, and welcome to the Q2 results of Leela Palaces Hotels & Resorts Limited, India's only pure play luxury hospitality Company. The Company has published its results and has uploaded the investor presentation on the exchanges earlier today, and you can also find them on the Company's website.

Before we start, a disclaimer. Some of the statements made in today's Earnings Call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs and assumptions made by information currently available to the Management. Audiences are cautioned not to place undue reliance on these forward-looking statements while making their investment decisions.

On that note, let me introduce you to the Management participating with us in today's conference call:

We have with us Mr. Anuraag Bhatnagar – Whole time Director and CEO and Mr. Ravi Shankar - Head of Asset Management and CFO. We also have on the call, on behalf of the sponsor, Brookfield, Mr. Ankur Gupta the Deputy CIO and Head of the APAC and Middle East Region.

Without further ado, I would like to hand over the call to Mr. Bhatnagar. Thank you and over to you, sir.

Anuraag Bhatnagar: Hello, everyone. Good evening. Thank you for joining us in our 2nd Global Earnings Call for the quarter ended 30th September 2025.

At The Leela, our philosophy of “*Atithi Devo Bhava*” continues to guide everything that we do. This quarter, we have delivered strong financial performance and made meaningful progress on our growth initiatives, reinforcing our unique position as India's only pure-play luxury hospitality brand. We have now formally adopted the name Leela Palaces Hotels & Resorts Limited, aligning our corporate identity more closely with the strength and equity of our brand as we step into our next phase of growth.

We are pleased to inform you that we have had a strong quarter outperforming the industry to deliver RevPAR growth 3 times that of luxury industry. This quarter also marked the fourth consecutive quarter of positive PAT for the Company.

At The Leela, our value proposition is anchored in three defining pillars:

1. The strength of our sponsor, Brookfield.
2. The power of The Leela brand.
3. A business model focused on pure-play luxury.

On the back of our sponsor, Brookfield, we benefit from strong institutional ownership, robust governance, and access to unique growth opportunities, including marquee development at BKC in Mumbai and the Palm Jumeirah in Dubai.

Our brand and focus on guest experience remains unmatched, reflected in our NPS (Net Promoter Score) of 86 for H1 FY'26. We are also innovating to deepen customer engagement through initiatives like the launch of our invite-only members' club - ARQ.

The Indian luxury hospitality sector has strong fundamentals with a forecasted demand-supply CAGR gap of 4.9% between FY '25 and FY '28, providing a robust tailwind for growth. With a strong pipeline of over 1,500 keys, we are well-positioned to capture this opportunity as we target approximately Rs. 2,000 crores in EBITDA by FY'30.

Let me now briefly walk you through the structure of today's call over the next 15 minutes. I am joined in by our CFO and Head of Asset Management, Ravi Shankar. We will begin with key announcements, followed by an overview of our operational and brand performance, followed by asset management and financial performance for the half-year and quarter ended 30th September 2025. We will then outline our growth levers and future strategy before opening the floor to your questions.

Before we proceed, let me highlight a few important announcements:

- Firstly, we are excited to announce that we have received Board approval to acquire a 25% stake in an operating beachfront luxury resort on The Palm Jumeirah, Dubai. The resort is on an enviable location right next to Atlantis The Royal. The property is spread over 23 acres, has 546 keys, including residences, 12 F&B venues and extensive banqueting and wellness facilities. For a 25% stake, Leela will acquire an upfront capital investment of circa \$49 million, circa INR 437 crores.

Brookfield will be acquiring the remaining 75%. This transaction is being done at an attractive entry multiple of 12.8 times Calendar Year '25 EBITDA with equity payback for Leela in 2-3 years through the sale of branded residences. Our investment is

expected to generate 17% stabilized yield on cost including long-term annual HMA fees of INR 55 to 65 crores. This strategic expansion into Dubai, one of India's largest international feeder market, not only enhances Leela's global brand visibility but also unlocks strong financial value.

- Second big announcement, the key highlight is the structuring update on The Leela Palace BKC Mumbai, a landmark development in the making with over 250 keys in the heart of city's financial hub. Under the new structure, Leela will co-invest 50% in only the hotel with our share of CAPEX circa INR 800 crores, including land and construction.

Brookfield will fund the remaining 50% of the hotel and will fully own and fund the 0.7 million square feet of office space. Leela will also operate the property under hotel management agreement. The project is expected to deliver a stabilized EBITDA of around Rs. 150 crores for Leela's stake, delivering an attractive 16% yield on cost.

Now talking about our business performance in the quarter:

The Leela continues to be the preferred brand driven by our unwavering commitment to luxury and service excellence. The impact of our brand strength and customer-centric approach is clearly visible in our financial performance in this period.

In H1 FY'26, we delivered RevPAR growth that outpaced the luxury segment across all key markets. This consistent performance enabled us to achieve more than 3times RevPAR growth compared to the Indian luxury segment. For H1, RevPAR is up by 16% to INR 12,616, supported by ADR growth of 10% and occupancy improvement of 3.8 percentage points to 66%.

In Q2 FY'26, our RevPAR grew by 13% to INR 13,262, driven by balanced improvement across both ADR and occupancy. Revenue growth has been delivered across all segments, Retail, Corporate, as well as Groups. Retail and Corporate-driven momentum fueled strong double-digit RevPAR gains across both city hotels and resorts.

In terms of composition, retail continues to be a strength and a dominant segment, contributing 58% of the room revenue in Q2. Further, in the same quarter, we delivered 23% growth in retail segment on the back of our dynamic pricing and focus on direct sales channel with a high growth coming from brand.com.

We are proud to report a profit after tax of INR 75 crores for Q2 FY'26, making our fourth consecutive quarter of positive PAT. This consistent performance reflects a strong operational momentum and disciplined execution, positioning us well for sustained growth.

In Q2, we not only outperformed the industry in financial and operating metrics, but we also strengthened our brand equity through global recognition. One of our flagship properties, The Leela Palace, New Delhi, has been recognized as amongst the Best City Hotels by Travel and Leisure for 2025, an accolade that underscores our brand strength and global appeal.

In the Food and Beverage space, we continue to build momentum. ZLB 23, a Kyoto Speakeasy Bar at The Leela Palace, Bengaluru, has earned a spot amongst Asia's 50 Best Bars. Furthermore, two specialty restaurants at The Leela Palace, New Delhi, have been ranked amongst India's top 50 restaurants by The Condé Nast Traveler - Le Cirque, Franco-Italian fine dining restaurant, and Megu, Japanese specialty restaurant. These prestigious recognitions reflect our dedication to delivering exceptional culinary and bar experiences.

Our brand strength is shown in the experience we deliver. We don't just lead the industry, we set up our own benchmarks and keep beating them. Our Net Promoter Score remains the highest in the sector, improving year after year with a strong score of 86 in H1 FY'26.

We remain the employer of choice in the hospitality industry, supported by our industry-leading talent development and employee engagement programs, which has helped us improve our retention ratio to 79% in H1FY'26. Our structured training programs including LLDP, LEAD, and global training. They play a very critical role in strengthening our service culture.

Moving on to new developments during the quarter:

As discussed in the last Earnings Call, we launched ARQ, an exclusive members-only, by invite-only, ultra-luxury club offering at The Leela Palace, Bengaluru. ARQ by The Leela targets a select set of members curated from thought leaders in business and industry, offering members exclusive access to facilities, private events, and premium bespoke services. This invite-only club is witnessing a strong traction and will be rolled out across other key cities such as New Delhi and Chennai in the second half of this year and Mumbai to follow thereafter.

Furthermore, at The Leela Palace, Bengaluru, we have relaunched 34,000 square feet of high-end retail space. This retail wing will house India's leading luxury brands like Sabyasachi, Zoya, in line with the taste of Leela's discerning clientele. The luxury retail wing will also add annualized EBITDA of approximately INR 10 crores.

We have also reopened the iconic Franco-Italian restaurant, Le Cirque at The Leela Palace, New Delhi, by repurposing under-utilized space. With its reimagined design, evolved menu, and immersive storytelling, the restaurant is poised to set new benchmarks for fine dining in the city. Taken together, these initiatives reinforce our philosophy of creating a holistic Leela luxury ecosystem, spanning rooms, dining, events, wellness, retail, and exclusive lifestyle experiences.

We continue our commitment to our ESG philosophy as we strive to create long-term value while delivering experiences that are both luxurious and responsible. During Q2 FY'26, we have successfully commissioned 2.25 Megawatts solar plant at The Leela Palace, Chennai. Leela now uses 65% energy from renewable sources.

These efforts are aligned with a long-term commitment to achieve Net Zero by 2050 while building a socially inclusive and environmentally responsible organization. Together with Brookfield's institutional strength, a robust growth pipeline, supportive industry tailwinds, and a highly engaged team, The Leela is well positioned to scale new heights in the luxury hospitality.

I will now hand over the proceedings to our CFO and Head of Asset Management – Ravi, to take us through the Q2 and H1 FY'26 performance and balance sheet details.

Ravi Shankar:

Thank you, Anuraag. Good evening, everyone.

Let me take you through the financial and the business performance for the quarter and half-year ended 30th September 2025:

This quarter has once again underscored the strength, efficiency, and the scalability of The Leela platform, combining strong top-line growth with disciplined capital management and sharp focus on returns.

First, on the financial highlights:

During the quarter, we posted 11% revenue increase to INR 333 crores, while the EBITDA grew by 17% to INR 161 crores, delivering a margin of 48.2%, an expansion of 2.5%, reflecting a healthy flow-through of nearly 70%.

Even on an operating EBITDA basis, excluding the treasury income, performance remains strong with a 12% growth to INR 138 crores, delivering a margin of 44.4%, an expansion of 1.2%.

Turning to the half-yearly performance:

We experienced robust half-yearly growth with our total revenue registering an increase of 18% to stand at INR 635 crores. While EBITDA grew by 34% to INR 289 crores, our EBITDA margin expanded by 5.6% to 45%, reflecting strong operating leverage and effective cost management.

Importantly, 77% of incremental revenue flow-through translated to EBITDA gains, highlighting robust operating discipline. Even excluding the other income, the EBITDA flow-

through stood at an impressive 67%, reflecting the efficiency and strength of our operating model.

H1 PAT stood at INR 83 crores compared to a loss of INR 126 crores last year. This turnaround was driven by two key factors. First, INR 73 crores boost due to improved business momentum and EBITDA growth, supported by INR 118 crores reduction in finance cost.

With this momentum, we are firmly on course to deliver another year of strong performance, building on four consecutive profitable quarters and entering the second half FY'26 from a position of strength. We typically witness strong seasonal uplift in the second half of the year and this trend is expected to continue. Supported by favorable seasonality, continued portfolio enhancement, and strategic execution, we remain on track to achieve the mid-to-high-teen EBITDA growth in FY'26 in line with our earlier guidance.

Moving to non-revenue segment:

Our F&B revenue registered a healthy growth of 11% Y-o-Y in H1, contributed by both outlet and higher banqueting income. Our HMA fees a capital light and high-margin revenue stream grew by 14% Y-o-Y, reflecting healthy managed portfolio traction.

Let me also highlight the strength of our balance sheet:

Our net debt to EBITDA stands at 0.5x. Our net debt to equity at 0.2x, reflecting a robust balance sheet and capital structure. With more than INR 10 billion of cash sitting in the balance sheet and a strong AA Stable credit rating, The Leela stands well positioned to fund expansion and manage future CAPEX needs efficiently.

We have also strengthened financial flexibility through refinancing, lowering our average cost of debt from 9.1% to 8.4% and extending the loan tenure from about 8 years to nearly 15 years. This will not only improve the free cash flows in the near term but also provide us with long-term stability to support growth investment and value creation. As a part of this financing, we have also optimized the security package with no parent guarantee or promoter pledge, further reflecting the strength of The Leela's balance sheet.

Our focus remains on quality growth, disciplined capital deployment and sustainable value creation. As of September 2025, our adjusted ROCE stands at approximately 14%. Our book ROCE is impacted by two factors that inflate the reported capital employed. Around INR 1,275 crores from accounting of revaluation reserve when we moved from IGAAP to Ind AS and INR 1,193 crores of pre-IPO expansion capital infused by Brookfield. Adjusting for these two, our underlying ROCE stands at a robust 14%.

Looking ahead, we are building a portfolio which will deliver high teen ROCE on the back of four strategic pillars:

- First, same-store growth with asset enhancements like new revamped F&B outlets, banquet spaces, spa and wellness center.
- Second, new verticals like the ARQ, The Leela luxury residences, which enhances revenue at a marginal cost. Our owned pipeline with development underway in Udaipur, Mumbai, Srinagar, Agra, Ayodhya, Ranthambore and Bandhavgarh will also add to the incremental ROCE.
- In addition, our international foray with the Dubai Palm Jumeirah project, which aligns with our long-term strategy to expand The Leela brand globally and diversify our revenue stream, reinforcing our commitment to sustainable value creation.
- Fourth, the capital light HMA expansions such as Sikkim and Mumbai enabling high margin growth and footprint expansion with limited capital outlay. All of these growth drivers are designed to be ROCE accretive and we remain confident of achieving high teen ROCE growth over the immediate term, in line with our EBITDA growth trajectory.

To sum up:

The Leela stands today stronger than ever, delivering profitability growth backed up by a solid balance sheet and pillars of expansion. With the support of our sponsor Brookfield, we are equipped with the financial strength, global expertise and development capabilities to accelerate our next phase of growth. Together, we are confident of taking The Leela to new frontiers, building on legacy of excellence and creating lasting value for all our stakeholders.

Now we can open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Binay from Morgan Stanley. Please go ahead.

Binay: Hi, team. Congratulations on good set of numbers. I have two questions on the two things that you announced in this earnings. So, firstly, on the BKC side, you have talked about the revised structure with Leela focusing more on the hotel side and Brookfield more on the commercial side. Could you share your thought process on that, that what led to the change and link to that, INR 800 crore of CAPEX that you are talking about? Which year does it sort of start and how to think about that? That is the first question.

Ravi Shankar: So, Binay, thanks for the question. Initially, the structure that we had discussed was that it was a mixed-use development with 50% of the hotel and office to be owned by Leela and 50% by Brookfield. Now we have looked at the revised structure as we spoke in the earlier call. 50% of

the hotel now will be owned by Leela and the balance 50% of the hotel and the 100% office will be owned by Brookfield. The total capital contribution from Leela's side is around INR 800 crores for the CAPEX. We have already started spending the CAPEX because we are paying for the land lease to MMRDA and this CAPEX will be spent in the next 4 years and the thought was that we would be able to use the additional capital that could be freed up in near-term operating assets that will be ROCE accretive, Binay.

Ankur Gupta:

Binay, if I may come in, this is Ankur. Sites like these are unique. At the same time, it is a unique relationship between Brookfield, the promoter of Leela, as well as Brookfield as a very large real estate Company globally. And it is always prudent for palace properties to have ownership. We have always maintained that, that palaces should be held on The Leela balance sheet. They are highly accretive.

As the presentation mentions, 16% yield-on cost is available to Leela on the hotel site through a combination of fees as well as the ownership. Now, this yield-on cost is lower on the office site given there is no HMA income. And hence, it is prudent that Leela focuses its capital into core business of hotel ownership and operations. But Brookfield provides synergy as well as capital support to ensure that the benefit at the site of higher FSI is available to Leela. You don't have to over-commit to a very large hotel, for example.

We can commit to the ideal mix. Office will help the hotel and vice versa. And I think having ownership in the hotel and joint ownership at the hotel with the JV partner is a good thing for Leela, as well as not exposing Leela business to office risks is a prudent one. So, in our engagement with various stakeholders, that has been agreed and Brookfield has accepted to take the entire development of office on its side.

Binay:

Right. So, the land is jointly shared between the two of you, right? For the whole site.

Ankur Gupta:

That is correct.

Binay:

And then just linked to the second structure, the second deal that we announced in Dubai. One is that, again, we see Leela partnering with Brookfield. So, how to think about it going ahead? Will this be a template that we will see more and more? Or is it more where you see an opportunity and Leela doesn't have the balance sheet that Brookfield steps in?

Ankur Gupta:

I would say it is very unique for Leela to have a sponsor like Brookfield. It is very unique, not just for Leela in India, but it is unique globally, where the principal shareholder is able to, through these joint ventures, able to provide the support as well as strategic expansion.

So, for example, in Dubai, it is an amazing transaction. Now, no hotel Company in India today can, on its own, take up a half a billion dollar transaction plus expansion capital or redevelopment capital. At the same time, it is very, very, very attractive. Entry yield is about 12.9 times. All of

the money will be back through sale of residences. Effectively, the equity in the hotel portion will be marginal or almost nothing. So, highly attractive transaction. And Leela can generate significant management fees from this transaction.

So, Leela gets the benefit of the sponsorship and the ownership that Brookfield provides and is able to access gateway properties, unique locations, amazing non-replaceable real estate, or virtually impossible to replace real estate and to be able to put its flag into these locations, earn management fees, and earn EBITDA at very attractive return on capital.

You are talking about, on a stabilized basis, a low single-digit multiple EBITDA, which means very high double-digit return on capital, plus growth. So, you are talking about high 20s IRRs for both these transactions, which is almost impossible for a standalone hotel Company to access. But through a partnership with its sponsor, it is able to get these unique transactions done.

Binay:

That is helpful. Actually, just putting all this together, how to think about Leela's own balance sheet in the coming years because the CAPEX intensity would inch up? So, any revised numbers on what sort of a, because most of these properties are actually the Dubai one is already operational. So, you will start getting some EBITDA from there, but the BKC...

Ankur Gupta:

A lot of EBITDA. A lot of EBITDA by the way. So, by the time the conversion happens, as I mentioned, this is at a 13, 12.5x multiple. So, it is highly cash accretive on day one. On the BKC asset capital, while we lay out the total capital of INR 800 crores, it will happen over 4 years, right? And as most construction projects go, a lot of capital is back-ended by the time finishing and other things happen. So, a lot of the capital is back-ended and Leela's balance sheet is still very, very strong to do the smaller deals and HMA contracts and key money etc., on its own.

So, this is a prudent way, in a combined transaction for both of these put together for Leela is a fraction of what it will need to do if it was standing by its own balance sheet. Leela's balance sheet is very strong. Our rating is very strong our debt levels are very low and all of these transactions are being funded by cash available on its balance sheet right now.

Moderator:

Thank you. We will take our next question from the line of Sumit Kumar from JM Financial Institutional Securities. Please go ahead.

Sumit Kumar:

Hi. Good evening. Congratulations on a good set of numbers and the new Dubai acquisition. My first question is on the Dubai acquisition. If you could explain the point on the equity would be bought back with, the 25% equity that Leela holds would be bought back from the sale of residences. So, how much would be the proceeds from such sale of residences and will that be an arm's length transaction when we do that and how are you thinking about that?

Ankur Gupta: Let me just chime in here. Everything is arm's length. Everything is at the same basis. So, Leela is 25. Brookfield fund is 75. It is at the same basis. What we mentioned is that in the next two to three years, so the hotel consists of 370 odd keys and residences, the balance.

Our business plan is to sell the residences. Now the capital gain and the net proceeds from that will ensure that the dividends back to shareholders, the two shareholders in 25/75 ratio is enough for the initial equity in its entirety to be returned, which means that Leela will end up owning a 25% stake.

Now this is all subject to our business plans panning out, but we believe the market is very, very strong, which means we expect that dividends back or distributions back to Leela over the next three, maybe 3 plus years or maybe 3 minus years will be enough such that the equity invested in this property, net equity post the distribution over the next three odd years will be practically zero.

So, Leela will end up owning a 25% stake in this resort of 360 odd keys for practically no equity over the next 3 years. It makes it very, very attractive and have a management contract that will generate 50 plus crores of annual income on top of it. So, it will own 25% stake and the HMA fees generating solid EBITDA and get all its money back through distributions. Everything is arm's length. Everything is equitable. Everything is at the same basis as two to 25 as two shareholders would be.

Sumit Kumar: And the second question is to Ravi. If you could give us the breakup of room revenue and F&B for this quarter and any sort of color on the RevPAR growth across properties, what properties drove this during the quarter grow this number?

Ravi Shankar: So, Sumit, I will give you a breakup of the city and the resort. The city hotels RevPAR was almost 14% and resort were 10% for Quarter 2. And if I tell you H1, it was a city hotel that drove 14.5% and resort did 22.5%. Jaipur did a very healthy occupancy that drove the occupancy. It did early 60s from the last H1 of around 50%. So, that was driver. In terms of ADR, the hotel that did drive the ADR was Chennai, Bengaluru and Udaipur.

Sumit Kumar: And the breakup of room revenues and F&B if you have?

Ravi Shankar: So, room revenue, I can give it to you. The room revenue was INR 147 crores against last quarter of INR 130 crores. And F&B was INR 120 crores against last quarter of INR 113 crores.

Sumit Kumar: That is all from my side.

Moderator: We will take our next question from the line of Prashant Biyani from Elara Capital. Please go ahead.

- Prashant Biyani:** Sir, congrats on the transaction and all the best for your international foray. Sir, would there be any further investment in Dubai property from Leela's side? And I also understand that the property was not having such a great review from the guests. So, is it that we will first renovate the hotel and apartments and then we will start to sell? Some clarity on these, and how much could be the realization per residences?
- Anuraag Bhatnagar:** Hi, Prashant. Like you said, it is an operating hotel and let me just give you a little bit about the asset. It has got 546 keys with a 63 square meter average room size and a great iconic location. So, this particular property is running at a high occupancy and to give you a market standpoint, all properties on the beachfront on the Jumeirah have a blended occupancy of close to 75% and an average rate of US\$600 to US\$700. This particular asset, we will have a CAPEX plan, which will deploy CAPEX to upgrade the asset quality, bring it up to The Leela brand standards. And the capital plan will be rolled out in a systematic and a phased out manner, knowing the fact that it is an operating hotel. This property is spread over 23 acres and has various wings. So, you can understand that we will work on this and develop a capital plan to ensure that we can be efficient about our CAPEX strategy. It is a good operating property with very good operating outcomes and customer feedback.
- Prashant Biyani:** And on the residences part?
- Anuraag Bhatnagar:** So, sorry, what about the residences?
- Prashant Biyani:** On the residences also, would we start selling it after renovation or will we start selling it on as is where is basis? And what could be the realization on a broad assumption?
- Ankur Gupta:** It will be post renovation and rebranding. And that will take some time. So, it won't be fair for us to comment upon the actual pricing today. But to your question, it will be post renovation upgrade as well as rebranding. Dubai is a very stellar market for residential right now. And we expect that with the brand strength, it will only get better.
- Prashant Biyani:** And apartments also will be as Leela residences.
- Ankur Gupta:** That is correct.
- Anuraag Bhatnagar:** That is right.
- Prashant Biyani:** And sir, we would be shutting down hotel for renovation or it will be part renovation which typically is in case of soft refurb, how would the renovation pan out?
- Anuraag Bhatnagar:** See, as I mentioned earlier, it is a large hotel spread across 23 acres and has multiple buildings. What it does is, it allows us to renovate in phases. We are finalizing the plan as we speak and we will share details.

- Prashant Biyani:** And sir, in the slide, investor presentation that you have shared, in a slide, there was mention of around...
- Moderator:** Mr. Biyani, I request you to join back the queue, please, as we have other participants waiting for their turn.
- Prashant Biyani:** This is the last question. So, the purchase price mentioned was \$503 million. And then Leela is paying around \$49 million for 25%. So, if you can explain these two figures, it would be great.
- Anuraag Bhatnagar:** The total transaction value, the enterprise value is \$503 million, which, as you mentioned, which will be funded through a combination of debt and equity. The total equity part out of this \$503 million is \$200 million. And our share of equity being 25% is \$49 million. The balance will be through non-recourse debt.
- Moderator:** We will take our next question from the line of Abhay Khaitan from Axis Capital. Please go ahead.
- Abhay Khaitan:** So, my first question is again on Palm Jumeirah asset. Firstly, want to understand given that it is already an operating asset and there might be some renovation, by when can we expect the numbers to start hitting in The Leela financials? And what could be the, I mean, you mentioned Rs. 50 crore of income from the management fees and then the 25% that come from the own room revenue that could be on top of it. So, if you can give a ballpark on how much can be the overall expectation of realization and by when can we start putting it?
- Anuraag Bhatnagar:** So, as we clearly state, it is an operating hotel and has a strong demand and operating leverage already. We are expecting to close the deal in the next 30 to 40 days, and hence we will start earning revenue from day one. The hotel is currently generating approximately \$40 odd millions of EBITDA. It would be rebranded post renovations to The Leela brand in 2027. I hope that answers your question.
- Abhay Khaitan:** Yes, perfect. And my second question is on the growth that we have seen in this quarter. So, basically, throughout the industry we have seen some slowdown in RevPAR growth particularly in the key metro cities whereas for Leela we have seen a very strong 14% RevPAR growth for the city hotels. Can you explain on what were the key drivers behind this major divergence and can we expect this to sustain going forward?
- Anuraag Bhatnagar:** Just to set some context as we have always maintained, in Leela we have built a luxury ecosystem which is beyond just rooms and experiences, but also food and beverage, banqueting, retail and wellness. And we also have a very strong proprietary sales and distribution system, which has shown the value in this particular quarter as you speak. The industry in luxury has grown by 5%, but Leela has grown to approximately 14% to 17%, which is 3 times of what the normal luxury industry has grown in this quarter.

This quarter we also had some big focus on driving direct business focusing on our website, which we started this journey a couple of quarters back and also ensuring that a lot of focus and intervention in new launches. We relaunched two new restaurants, Le Cirque as I spoke about earlier and the Qube in Leela Palace New Delhi.

In Leela, it's always been about creating experiences which allow us not just a high net promoter score of 86 but also allow us to charge a delta and create a delta when it comes to pricing and guest feedback and repeat usage, which has a correlation to the RevPAR growth and to the EBITDA margins.

Moderator:

We will take our next question from the line of Achal Kumar from HSBC. Please go ahead.

Achal Kumar:

I had three very quick questions. So, first of all, you mentioned that over this quarter operating leverage helped you significantly. So, 70% of flow-through to EBITDA. Just want to understand what was the source of this operating leverage, how big was it, and how much further operating leverage do you see still available to you guys in the system?

My second question was about how do you see Bengaluru market, which is definitely one of the key market for you and recently with pressure in IT sector, any thoughts on that?

And finally, I think to continue the previous question, one of the previous question, just want to understand when you say you are targeting INR 20 billion of EBITDA in FY '30, could you give a bit more color in terms of how sort of did you arrive that number? I mean, what kind of room inventory, what kind of RevPAR growth are you building in, and then how that would increase your debt levels or the CAPEX? Something on that sort would be helpful.

Ravi Shankar:

First, Leela operates at a very efficient operating flow-through and even if you look at the last two years, we have operated at 65% operating flow-through. This quarter, 70% flow-through was also impact of treasury income that came in from the cash that is available in the balance sheet, but even if I exclude the impact of treasury income, we are at a 67% flow-through in H1. That is reflected because of the RevPAR growth managed by the cost management efficiencies for in Chennai, for example, we have just launched a 2.5 Megawatts of solar plant. That ensures that our cost structures are always efficient. That allows for that 67% flow-through, and we expect that in the coming quarters as well, we will maintain these flow-through.

Secondly on the Bengaluru market, if you see quarter-by-quarter we have improved our performance. If you look at Quarter 2, we did a 71% occupancy for Bengaluru, and the rate growth literally was 9% and RevPAR growth was 16%. So, quarter-by-quarter, we have improved the performance.

There have been considerable CAPEX spend on Bengaluru and we have created a complete luxury ecosystem where rooms have been renovated. We launched Maharaja Ballroom. We had

ZLB. Now we are launching, we have launched the entire luxury retail wing and the ARQ Club has also been launched in Bengaluru. In that market, there is literally zero luxury supply coming for me and demand is increasing. We are investing in the asset. The corporate travel is increasing and that hotel in every quarter will keep improving in terms of the business.

Anuraag Bhatnagar:

And I will kind of explain to you the bridge between where we started. I mean, the FY '25 numbers of EBITDA are known to you. We did INR 700 crores of EBITDA from FY '25. On a 10% to 11% growth on RevPAR on same store, our existing ownership hotels should take us to an EBITDA of close to INR 1,200 crores by FY'30.

Our value drivers plus the new pipeline that we are building on which we have already declared Agra, Ayodhya, Bandhavgarh, Ranthambore, Srinagar, without including BKC and Dubai as of now should give us another INR 250 crores of EBITDA, which takes us to close to INR 1,500 crores.

Now the last INR 500 crores would come through new acquisitions and growing. Given the size of our balance sheet and our strategy in terms of growing our portfolio in the luxury space, we are evaluating several opportunities as we speak to ensure that by the time we reach FY'30, the last INR 500 crores will come from there.

Ankur Gupta:

Anuraag, I will just add to it. These two transactions that we have double clicked on today, the total capital committed net of the distributions which we expect back in the next three odd years, three, four years. So, fast forward four cycles, in about INR 800 crores of total capital invested, which is pretty insignificant in terms of the size of Leela's business today, we will be generating close to INR 300 crores of EBITDA from that capital deployed, net of the distribution that we would see from these two projects itself.

Now that is a very, very high ROI, ROC, whichever way you want to think about, you know, return on capital. And these are unique to Leela today. And we can replicate some of it. We can replicate it in a completely capital-light manner. We can replicate it in a partnership manner. We can replicate it to the extent it is required on Leela's own sources. But I think the INR 2,000 crores number is within our sights already. And I would like to believe that the business has potential to do even larger numbers without a lot of capital required.

As these three examples show us, these are very, very, very unique to a business like Leela. I am not sure how many such opportunities are available to the market participants. Usually it is about a 15 multiple or 20 multiple or whatever people need to spend on buying a hotel, which really does not have any other operating levers attached to it. But that is not the case for Leela. I hope that answers your question.

Achal Kumar:

Yes, that does.

- Moderator:** Next question is from the line of Karan Khanna from Ambit Capital. Please go ahead.
- Karan Khanna:** Thanks for the opportunity and congrats for another great quarter. Firstly, two clarifications, Ravi. One, if you can help simplify the BKC development for us, what were the CAPEX commitments earlier and what would be the CAPEX now? I understand it will be INR 800 crores. But given that you won't be doing the commercial project over there, so is there any evaluation behind that at which this transaction has been done with the private entity?
- So, firstly, just clarification, Ravi, if you can help simplify the BKC development now, given that you were looking at 50% share in the hotel and the commercial project earlier, and now I think entirely 50% in the hotel. So, what kind of changes in terms of the overall CAPEX including land are we looking at for the BKC project?
- And second, given that now the entire commercial project will be developed by the private entity, so is there some evaluation done for that? Or is it reflected in the overall construction and land cost for the project?
- Ravi Shankar:** Thanks, Karan, for the question. For the BKC, now with the revised structure that we have announced today, we are only focusing on the core hotel operation and as a result, 50% of the hotel will be owned by Leela, 100% of the office and 50% of the hotel will be owned by Brookfield. Our total equity contribution, which is the land and the CAPEX, total capital contribution for the land and the hotel will be INR 800 crores and that will generate almost INR 150 crores- INR 155 crores in the stabilized year, INR 30-35 crores from the fees and the balance INR 120 crores from EBITDA, giving us 16% to 17% of YOC.
- Karan Khanna:** Sir, just a follow-up on just another clarification. When you look at the mid-teen EBITDA guidance for FY'26, if I look at first half itself, you have done about 34% and about 22% on operating EBITDA. So, are you expecting some moderation in terms of RevPAR or the margin in second half or is that more of a conservative guidance for second half of FY'26?
- Ravi Shankar:** So, Karan in our last call, we had given guidance that we will do a mid to high teens of EBITDA. We are on track of achieving that by the end of the financial year. If you see our H1 performance, we have already done almost 30% EBITDA growth from H1. Almost a good part of the revenue comes from the H2 and we have a strong business on book setting and we are on track to achieve.
- Karan Khanna:** And just lastly, on this bridge from INR 1,500 crores to INR 2,000 crores, Anuraag, what sort of acquisition are you looking at? Will it be outright or will it again be a structure similar to what we are seeing in the Palm Jumeirah acquisition where essentially we will be looking at a part stake in a hotel where you will be partnering with Brookfield or the present entity towards the acquisition?

- Ravi Shankar:** Karan, we just spoke about the two hotels, Dubai and BKC hotel itself will give us INR 300 crores of EBITDA. So, we just have to look at solving for INR 200 crores of EBITDA. There are a lot of potential deals that we are evaluating which can give us EBITDA post in the near term to mid term that will take care of INR 200 crores rather we should be able to do more with HMAs.
- Karan Khanna:** This is helpful, Ravi.
- Moderator:** Next question is from the line of Vaibhav Muley from YES Securities. Please go ahead.
- Vaibhav Muley:** Hi, team. Congratulations on a strong set of numbers. My first question was on Dubai transaction. So, we have mentioned that \$49 million would be the upfront capital required. So, how would the payment be made? Will it be through own cash and bank balance or do you plan to take incremental debt for this? And about the non-recourse debt, what would be the finance cost and when will it start reflecting into the P&L? And what kind of incremental finance cost can we start seeing on the P&L?
- Ravi Shankar:** So, Vaibhav, you know, the \$49 million that we have to pay as our contribution will be funded from an internal accrual. We already have more than INR 1,000 crores of cash sitting in the balance sheet and the non-recourse debt we are finalizing the terms. We are discussing with the bankers and we will come with more details.
- Vaibhav Muley:** But when do we expect to finalize the, make the rest of the payment, sir? I mean, when can we see the incremental finance cost?
- Ravi Shankar:** Incremental, first, the debt will not be consolidated because it is a 25% JV that we will have. So, debt will not be consolidated.
- Vaibhav Muley:** And secondly, on our EBITDA guidance of mid to high-teen growth for FY'26, we have a pretty strong base in terms of RevPAR for last year Q3 and Q4 where we did grow by 13% to 15%. So, are you confident that on a high base you will be able to achieve a stronger growth in terms of RevPAR, let's say sustain the growth of again mid-teens? And is there any sort of green shoots that you have started to see in terms of advanced bookings?
- Anuraag Bhatnagar:** Already, we see a very strong and a robust pace and a momentum. The H2 of the year not just is one of the best cycles that we are going to have. There are also some big events that are planned in the country in the locations that we are present in. We are also seeing some green shoots, as you alluded to, of international business coming in, more celebration events and some very high impact large city events. All of that will contribute to continue the momentum that we have built up in H1 and grow from the same.
- Ravi Shankar:** And we are confident of double-digit RevPAR growth for H2 as well.

- Moderator:** We will take our next question from the line of Sumanth Kumar from Motilal Oswal. Please go ahead.
- Sumanth Kumar:** So, I can understand Dubai investment is at a very attractive valuation. So, my question is, what is the thought process when we have a huge opportunity in India and we are entering into the Dubai market?
- Anuraag Bhatnagar:** So, Sumanth, let me first tell you that as we have always been talking, the brand Leela is extremely well recognized and Dubai is a very important market for Leela, both for inbound, the feeder market, as well as from Leela guests who travel to Dubai, as you know.
- Secondly, this investment opportunity comes to us at a very attractive basis. We are getting 25% of ownership of the asset in one of the best locations on the beachfront in Palm Jumeirah at a very attractive basis, as Ankur mentioned, at 12.8 multiple of CY'25 EBITDA.
- Thirdly, the fee generations that we are anticipating, the management fee generation that we are expecting from this asset, given this location and our ability to command high ADRs and RevPARs in every hotel that we operate in, is going to be yielding us close to INR 55 crores to INR 65 crores in terms of stabilized management fee generations. And the equity comes back to us that we are deploying of \$49 million that we spoke about earlier in two to three years through the sale of branded residences.
- So, the size of the opportunity, the location of the asset, the iconic nature, it's brand fit in the market that is of great interest to us, and the investment thesis, all of those make it a very, very compelling opportunity for us. And we continue to evaluate opportunities. As Ravi mentioned, we have the capacity in our balance sheet and to continue to look at growing our portfolio to the best opportunity that we can.
- Ravi Shankar:** In India?
- Anuraag Bhatnagar:** In India as well.
- Sumanth Kumar:** So, any further plan we have if we will get more opportunity we can invest in Dubai market?
- Anuraag Bhatnagar:** It is too early to say that.
- Sumanth Kumar:** And how is the return ratio, apart from, say, going forward, if we will not get this kind of attractive valuation, will we invest or not?
- Ankur Gupta:** This is Ankur. If we don't get attractive valuations, we will not invest. In any case, Leela's business is very largely focused on the India market and with adjacency to the source markets like Dubai where we can create outsized value for the business. But if you don't find attractive

deals, whether it's in Dubai or anywhere else in the world, or even in India, we shall be patient and we shall wait.

Sumanth Kumar: In the growth perspective, when we talk about India ARR growth, you have an opportunity. Similar kind of growth opportunity you see in Dubai market?

Ankur Gupta: In this specific location, yes. In this specific opportunity, yes. You know, India growth is the best in the world right now. So, I can't compare macro growth always. In any case, there are lots of markets in India where growth is not happening. There are lots of sectors in India where growth is not happening. So, we believe in the particular situation where we can add value, where the situation deserves our attention, and where we have the potential to have outsized returns. So, we can't be thematic about a particular country and a particular market in a particular deal situation.

Thematically, India hospitality, India hospitality in the luxury space is a very long-term theme, in our opinion. And Leela is in the best position to play that theme for a very, very long time. As I mentioned, adjacencies will exist both in terms of feeder markets as well as in terms of markets where we can expand the brand. And opportunistically, our capital, which has a very high return attached to it.

Moderator: Next question is from the line of Murtuza Arsiwalla from Kotak Securities. Please go ahead.

Murtuza Arsiwalla: Just on the Dubai acquisition itself, the 182 residences are currently operational sort of rooms, and that will be sold off. And so the EBITDA numbers that we are looking at is after that sell-off. And again, if I were to look at the 400-odd crores of equity investment by Leela Palaces, if I were to simply equate that, when you talk about the two to three years of repayment through the sale of the residences, should I consider that equivalent to what the consideration you would get from sale of the villas? Is that understanding broadly in order?

Ankur Gupta: On a 25% basis, yes, Murtuza, you are correct. We should be able to return the capital plus whatever more capital needs to be invested for the renovation work in the next three years. So, that money will be out and the hotel of 350 plus keys will still be owned 25% and the management contract on the entire estate will still belong to Leela.

Moderator: We have our next question from the line of Raghav Malik from Jefferies. Please go ahead.

Raghav Malik: Just to follow up on the new properties, so if you could tell us a bit more about the current ownership of the Dubai Hotel and the reason for selling. And also just a clarification on the BKC projects. You said your contribution of CAPEX is INR 800 crores for 50% stake. So, is the total CAPEX then INR 1,600 crores for Schloss would also be 50%? Sorry, Brookfield. Is that correct?

- Ravi Shankar:** So, the CAPEX for the BKC Hotel, that is our capital contribution from both debt equity would be around INR 800 crores. That is 50% from the hotel side. The office side is 100% funded and owned by Brookfield Properties. So, they will be handling the CAPEX for the office side.
- Anuraag Bhatnagar:** And on the ownership of the Dubai asset, it is owned by two families in the Middle East. They developed this asset in 2013 and are looking to sell it as it is in a JV and both partners want to exit.
- Raghav Malik:** And just on your guidance, so you gave the mid to high-teens EBITDA growth guidance for the years. If we may be adjust for the rentals and other operating income that is not in the base, would that be may be a mid-teens guidance then for EBITDA for FY'26?
- Ravi Shankar:** Yes. So, even the guidance that we had given was for operating EBITDA, excluding treasury income, we will do a mid-teens to high-teens EBITDA growth by the end of the financial year.
- Raghav Malik:** And sorry, lastly, just on the RevPAR growth and room revenue growth, so there is a bit of a discrepancy, 13% and 12% respectively. So, what would that be on account of?
- Ravi Shankar:** There is no discrepancy. You are looking at a 4% occupancy absolute growth. If you look at that growth will be around 6%, 7% and ADR is also around 7%, so that is 13%. Occupancy, you should not look at absolute. If you look at occupancy as a percentage growth, that will be 6%, and ADR is 7%, combination is 13% RevPAR growth.
- Raghav Malik:** And the room revenue growth is 12%. So, that is lower than RevPAR growth, right? That's the, like, what is the discrepancy there?
- Ravi Shankar:** It is a rounding off. It is a rounding off.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as last question for today. I now hand the conference over to Mr. Anuraag Bhatnagar, Whole-Time Director and CEO, for closing comments. Over to you, sir.
- Anuraag Bhatnagar:** Thank you. Thank you, everyone, for being with us for this call. As we finish the first half of the year, we are very excited about what lies ahead in H2 of this year. The two big announcements that we made in this call, the Dubai acquisition and the restructuring of BKC, really creates a very strong platform for us and expands our platform internationally as well.
- Our focus on pure play luxury, our commitment to excellence, our focus in consistently strengthening our luxury ecosystem through award-winning F&B, wellness, and other offerings considerably increases our capacity to earn premiums and charge premiums. So, thank you all for being there in this call and looking forward to a great H2 ahead.

Moderator: Thank you, members of the Management team. On behalf of Leela Palaces Hotels & Resorts Limited, that conclude this conference. Thank you for joining us and you may now disconnect your lines.

Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.