FAIRNESS OPINION REPORT ON VALUATION FOR THE PROPOSED SCHEME OF ARRANGEMENT

amongst

VALOR ESTATE LIMITED

(FORMERLY KNOWN AS D B REALTY LIMITED)

And

Esteem Properties Private Limited

And

Shiva Realtors Suburban Private Limited

By

Navigant

Navigant Corporate Advisors Limited
804, Meadows, Sahar Plaza Complex,
J.B. Nagar, Andheri Kurla Road,
Andheri East,
Mumbai-400 059
Email Id- navigant@navigantcorp.com
Web: www.navigantcorp.com

6th June, 2024

SEBI Registered Category I Merchant Banker

SEBI Registration No. INM000012243

NAVIGANT CORPORATE ADVISORS LTD * MUMBAI

Notice to Reader

Navigant Corporate Advisors Limited ("Navigant" / "NCAL" or "Authors of the Report) is a SEBI registered 'Category I' Merchant banker in India and was engaged by Board of Directors of Valor Estate Limited (herein after referred as "VEL") to prepare an Independent Fairness Opinion Report ("Report") with respect to providing an independent opinion and assessment as to fairness of Valuation Report and Share entitlement ratio dated June 06, 2024 as determined by Mr. Pawan Shivkumar Poddar, Chartered Accountants ("VALUER") an Independent Valuer for the purpose of intended proposed amalgamation of Esteem Properties Private Limited ('Esteem' or "EPPL') into VEL and demerger of "Hospitality Business" of VEL into Shiva Realtors Suburban Private Limited ("ADVENT").

VEL, EPPL and ADVENT are collectively referred as "Companies".

The Fairness Opinion Report ("Report") has been prepared on the basis of the review of information provided to Navigant and specifically the Report on Share entitlement ratio (hereinafter referred as Valuation Report) prepared by VALUER as an independent valuer. The report does not give any valuation or suggest any Share entitlement ratio, However this report is limited to provide its fairness opinion on the Valuation Report.

The information contained in this Report is selective and is subject to updations, expansions, revisions and amendment. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.

This Report is based on data and explanations provided by the management and certain other data culled out from various websites believed to be reliable. Navigant has not independently verified any of the information contained herein. Neither the Company nor Navigant, nor affiliated bodies corporate, nor the directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information contained in the Report. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained in, or errors in or omissions from, this Report or based on or relating to the Recipients' use of this Report.

NAVIGANT CORPORATE ADVISORS LTD. MUMBAI

Executive Summary

Purpose:	Express an Independent Fairness Opinion and assessment with respect to fairness of Valuation Report and Share entitlement ratio determined by VALUER for the proposed amalgamation of EPPL into VEL and demerger of "Hospitality Business" of VEL into ADVENT.

Background of the Companies

Valor Estate Limited

Valor Estate Limited (formerly known as D B Realty Limited) ("VEL") is engaged primarily in two businesses viz. i) real estate, which consists of a portfolio of saleable assets in the residential category, annuity assets in the commercial category, and land banks for future development, and ii) hospitality, which consists of developing and owning multiple luxury and upper upscale hotel properties in key cities and then operating them in partnership with international brands. Due to diverse capital requirements, varying capital structures, disparate risk profiles, different project delivery timelines, unique project partnerships, and differing industry profiles. VEL has undertaken development of residential, commercial, hospitality, and land bank assets by itself or through its subsidiaries, joint ventures, and associates. VEL is public company domiciled in India and was incorporated on 08th January 2007 under the provisions of the Companies Act, 1956. Equity shares of VEL are listed on National Stock Exchange of Inda Limited and BSE Limited. The Registered Office of VEL is situated at 7th Floor, Resham Bhavan, Veer Nariman Road, Churchgate, Mumbai – 400 020.
The equity shares of the Company are listed on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

Esteem Properties Private Limited:

Esteem Properties Private Limited ("EPPL") was incorporated on 21st March 1995 under the provisions of the Companies Act, 1956 and domiciled in India. The company is wholly owned subsidiary of VEL. The company has its Registered Office at 7th Floor, Resham Bhavan, Veer Nariman Road, Churchgate, Mumbai-400020. The company is a real estate development company and has a developable land at Sahar Mumbai.

Shiva Realtors Suburban Private Limited

Shiva Realtors Suburban Private Limited was incorporated on 15th November 2006 under the provisions of the Companies Act, 1956 and is a private limited company within the meaning of the said Act. The main object of ADVENT is "hotels and hospitality". As on the date of approval of scheme, ADVENT is a wholly-owned subsidiary of VEL and has acquired a controlling equity interest in two operating hotels with 484 keys and a 50% equity interest in a joint 779-key hotel project currently under construction. The Registered Office of ADVENT is situated at 7th floor, Resham Bhavan, Veer Nariman Road, Churchgate, Churchgate, Mumbai, Mumbai, Maharashtra, India, 400020.

NAVIGANT CORPORATE ADVISORS LTD. MUMBAI

Transaction Overview and Rational

It is proposed the amalgamation of EPPL into VEL and demerger of "Hospitality Business" of VEL into ADVENT.

The following rational are envisaged:

- **Rationale for Amalgamation:**

- EPPL is in the process of developing a 5.4-acre freehold site at Sahar, Andheri (East), close to the Mumbai International Airport, wherein a mixed-use development of real estate and hospitality is being planned.

- To enable the project to progress, it is necessary to consolidate the operations of EPPL with that of VEL, as it will bring better resources, human capital, and wherewithal of VEL to the project.

- **Rationale for Demerger**

- The Demerged Company is a diversified company engaged in two businesses viz. (i) Real Estate and (ii) Hospitality. The Hospitality Business of the Demerged Company includes ownership/ licensing/ management of multiple hotel properties and providing services including accommodation, dining, banqueting, etc.

- Each business of the Demerged Company has a differentiated strategy, different industry specific risks and operates inter alia under different market dynamics, growth trajectory, and funding requirements, structure, and timescales. The nature and competition involved in each of both the businesses of the Demerged Company is distinct from each other and consequently each business or undertaking can attract a different set of investors, strategic partners, lenders, and other stakeholders.

- The Demerged Company's Hospitality Business has evolved significantly over time, and in future it will continue develop multiple ongoing and forthcoming hotel projects requiring a differentiated capital structure, partnerships, and management, and is now ready to operate independently as a separate publicly listed entity in order to keep pace with the rapidly growing hospitality industry. Therefore, the proposed scheme seeks to separate the Hospitality Business from the Remaining Business (as defined hereafter) of the Demerged Company and demerge it into the Resulting Company. The proposed Scheme would be in the best interests of the Parties and their respective shareholders, employees, creditors, and other stakeholders.

- The proposed reorganization pursuant to this Scheme is expected, inter alia, to have the following benefits:
    1. The Resulting Company as a focused entity would attract the right sets of investors, strategic partners, and collaborators, whose investment strategies and risk profiles are closely aligned with the hospitality industry.
    2. Given the unique characteristics of the hospitality industry, the creation of a separate publicly listed entity for the Hospitality Business would facilitate the development of new growth opportunities, better utilization, and operation of existing assets/properties, attracting and retaining of sector focused management and talent pool, and creating sustainable value for shareholders. This approach allows for a focused strategy that aligns in line with hospitality industry-specific market dynamics.
    3. The Scheme would unlock value of the Hospitality Business for existing shareholders of the Demerged Company through independent, market-driven valuation of their shares in the Resulting Company which will be listed pursuant to the Scheme.

NAVIGANT CORPORATE ADVISORS LTD. MUMBAI

4. The convergence of favorable factors and the Indian government's focus on the travel & tourism industry, infrastructure development, and rapid digitalization, offers significant growth opportunities for the Hospitality business.

Information relied upon:

We have prepared the fairness opinion report on the basis of the information provided to us and inter alia the following:

- Draft Scheme of Arrangement;
- Share Entitlement ratio report by the Valuer dated 6th June, 2024.;
- Other information and explanations as provided by the management.

Further, we had discussions on such matters which we believe are necessary or appropriate for the purpose of issuing the valuation report.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed to be good and marketable and we would urge the company to carry out the independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

We have been informed that all information relevant for the purpose of issuing the Fairness Opinion report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed.

Valuation Summary:

As per the proposed Scheme, as EPPL is a wholly owned subsidiary of VEL, in consideration of the amalgamation of EPPL with VEL there shall be no consideration payable either by issue of shares by VEL or otherwise, and all the equity shares held by VEL and its nominees shall stand cancelled, extinguished and annulled. Subsequently, EPPL shall stand dissolved without winding up.

Further, upon the scheme becoming effective, the beneficial economic interest of the shareholders of VEL in the paid up equity shares of ADVENT would be same. All the shareholders of VEL would also become the shareholders of ADVENT, and their shareholding in ADVENT would mirror to their shareholding in VEL. The effect of demerger is that each shareholder of VEL would be allotted shares of ADVENT in the same proportion as in VEL and thus would become shareholders of ADVENT also. All the equity shares held by VEL and its nominee(s) shall stand cancelled, extinguished without any further act, instrument or deed. The percentage holding of a shareholder in VEL (post-demerger) would remain same and not vary in ADVENT.

NAVIGANT CORPORATE ADVISORS LTD. MUMBAI

In the current instance, the determination of Fair Share Entitlement Ratio would not have any economic impact on the ultimate value of the shareholders of VEL and the proposed restructuring will be value-neutral to the shareholders of VEL.

So a detailed valuation to determine the entitlement ratio is not required, accordingly, fair valuation of equity shares has not been carried out by valuer.

CONCLUSION ON FAIR VALUE AND SHARE ENTITLEMENT RATIO RECOMMENDED BY VALUER- AMALGAMATION OF EPPL WITH VEL

Given the above context, as EPPL is a wholly owned subsidiary of VEL, in consideration of the amalgamation of EPPL with VEL there shall be no consideration payable either by issue of shares by VEL or otherwise, and all the equity shares held VEL (directly or indirectly through its subsidiaries) shall stand cancelled, extinguished and annulled. Subsequently, EPPL shall stand dissolved without winding up.

On amalgamation of EPPL into VEL, there will be no consideration / issue of equity shares by VEL and hence the shareholdings of VEL will not be impacted.

CONCLUSION ON FAIR VALUE AND SHARE ENTITLEMENT RATIO RECOMMENDED BY VALUER- DEMERGER OF HOSPITALITY BUSINESS

Given the above context, upon the scheme being effective, all the shareholders of VEL would become the shareholders of Advent and the outstanding issued and paid-up share capital of Advent ('Pre-Demerger Share Capital') will get cancelled by way of a capital reduction and their shareholding in Advent would mirror their existing shareholding in VEL prior to the demerger. Taking into account the above facts and circumstance, valuer has informed that any share entitlement ratio can be considered appropriate and fair for the proposed demerger as the proportionate shareholding of any shareholder pre-demerger and post-demerger would remain same and not vary and valuer have therefore not carried out any independent valuation of the subject business.

<u>Conclusion Ratio:</u>

"1 (One) equity share of ADVENT of face value of INR 10 each fully paid up shall be issued for every 10 (Ten) equity share of INR 10 each fully paid up held in VEL as on record date and "1 (One) Preference Share of ADVENT of face value of INR 10 each fully paid up shall be issued for every 10 (Ten) Preference Share of INR 10 each fully paid up held in VEL".

Our Fairness Opinion:

On the basis of and subject to the foregoing, to the best of our knowledge and belief, it is our view that , as on the date thereof, the share entitlement ratio as recommended by the valuer in relation to the proposed demerger of hospitality Business of VEL into ADVENT is fair, from a financial point of view.

This being of our best of professional understanding, we hereby sign the Fairness Opinion report on valuation.

For Navigant Corporate Advisors Limited

Sarthak Vijlani
Managing Director
Date: 06th June, 2024
Place: Mumbai