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# Lemon Tree gets Keys to expansion

**A STAFF REPORTER**

**Calcutta:** Homegrown hospitality firm Lemon Tree Hotels has completed the acquisition of Berggruen Hotels, taking its total inventory to 7,800 rooms in 77 hotels across 45 locations.

Berggruen Hotels is backed by private equity firm Berggruen Holdings, led by billionaire investor Nicolas Berggruen. It is the parent of Keys Hotels present in 16 cities, including Aurangabad, Bangalore, Calicut, Chennai, Goa, Gurgaon, Kochi, Ludhiana, Mahabaleshwar, Manali, Mumbai, Pune, Port Blair, Trivandrum and Visakhapatnam.

Of these, Lemon Tree itself has presence in seven locations and the company said the addition of Keys Hotels would expand its presence in those cities.

Lemon Tree had informed the stock exchanges in June that it would buy out Berggruen Hotels. The acquisition is being made through wholly owned subsidiary Fleur Hotels. With this,

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- Lemon Tree has bought Berggruen Hotels, parent of Keys Hotels
- Keys Hotels is present in 16 cities
- Addition of Keys Hotels will expand Lemon Tree's presence in those cities
- Dutch pension fund APG an investor in deal

Berggruen Hotels will become an indirect subsidiary of Lemon Tree.

Fleur Hotels will raise the capital from Dutch pension fund APG Asset Management NV, an existing investor, and parent Lemon Tree by issuing compulsorily convertible preference shares worth Rs 421 crore.

While APG's strategic real estate pool will contribute Rs 360 crore, the remaining Rs 61 crore will come from Lemon Tree.

"We are pleased about this acquisition and the geographic

spread that the Keys Hotels portfolio brings with it. We will now enter nine new destinations and simultaneously consolidate inventory in seven of our current destinations. Going forward, we will add value to the topline of these hotels both in terms of higher yield and greater occupancies," Patanjali Keswani, chairman and managing director of Lemon Tree Hotels Ltd, said on Saturday.

"As a pan India mid-market player, Lemon Tree Hotels are now available across 45 cities and can offer its customers multiple options in key cities. This will help us build loyalty with our guests as well as allow us to offer a wider range of brand options to hotel owners in our managed hotels portfolio in future," said Keswani.

The company is adopting an asset-light strategy with a plan to scale up its presence to around 107 properties over the next two years.

Lemon Tree Hotels had launched a new property in Calcutta last month.