

LEMON TREE ENTERS THE VIBRANT CO-LIVING SPACE VIA A JV

Lemon Tree Hotels, India's largest hotel chain in the mid-market segment, has entered into a JV with an affiliate of Warburg Pincus, a leading global private equity firm that is focused on growth investing. The aim is to create an extensive co-living platform for students and young working professionals. The JV, through which

Rs 3000 crore will be invested over a period of time, marks Lemon Tree Hotel's entry into a new business segment in India.

Warburg Pincus' is successfully operating in China and Hong Kong and this investment represents the first co-living platform they have backed in India. An affiliate of Warburg Pincus and Lemon Tree Hotels Limited will hold 68% and 30% stake respectively in the JV, with the balance 2% to be held by Patanjali Keswani.

The JV partners will initially invest Rs. 1,500 crore in equity, followed by an additional infusion of Rs. 1,500 crore at the option of the partners, to develop rental housing projects. These would be a combination of greenfield, purpose-built properties, refurbishment of existing under-managed, stressed

commercial and residential assets taken on lease or acquisition basis, as well as management of existing for-rent accommodation projects. The JV's projects will also include shared spaces like living room, gym and well-equipped cafeterias, where the community of students and working professionals can hang around. According to Patanjali Keswani, Founder, Chairman and Managing Director, Lemon Tree Hotels Limited, "We are delighted to partner with Warburg Pincus, which will allow Lemon Tree Hotels to move into a nascent segment, closely aligned to our existing target customers. The rise of co-living spaces is a part of the evolution of the sharing economy that will continue to gain significant traction."

According to Anish Saraf, Managing Director, Warburg Pincus, "India has a large addressable rental population across students and young professionals, which is expected to grow significantly as a result of rapid urbanization, increasingly unaffordable housing prices/rentals and shortage of on-campus housing infrastructure. We look forward to working with Lemon Tree Hotels to build a best-in-class team and scale-up the platform."

