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## Lemon Tree to buy Keys Hotels for ₹471 cr

**SHALLY SETH MOHILE**  
Mumbai, 1 July

Mid-range hotel chain Lemon Tree Hotels is acquiring Keys Hotels for ₹471 crore in a bid to expand its portfolio.

In a stock exchange notification, the New Delhi-based company said it would buy out Berggruen Hotels, the parent of Keys Hotels, at an enterprise valuation of ₹605 crore (\$87.6 million). The Warburg Pincus-backed hospitality company is making the acquisition through Fleur Hotels, its wholly-owned subsidiary. With this, Berggruen Hotels will become an indirect subsidiary of Lemon Tree. The company expects to complete the transaction within two months. To fund the buyout, 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 ₹421 crore. While APG's strategic real estate pool will contribute ₹360 crore, the remaining ₹61 crore will come from Lemon Tree.

In March, Lemon Tree had announced a pact to acquire Keys Hotels, saying this would help it expand its operating portfolio to 75 hotels with 7,322 rooms in 44 cities. It had a pipeline of 33 hotels with 3,389 rooms in 26 cities that it aimed to open by 2020-21 financial year. Lemon Tree Hotels are located in metros such as Delhi-NCR, Bengaluru, Hyderabad, and Chennai, as well as tier-I and tier-II cities. Founded in 2006, Keys Hotels operates 21 hotels under Keys Prima, Keys Select, and Keys Lite brands across 19 locations in India, with 1,911 rooms.