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Lemon Tree looks to acquire Keys hotel chain

TIMES NEWS NETWORK

Mumbai: Lemon Tree, India's largest mid-market chain, is conducting due-diligence of Keys hotels as it looks to strengthen its position in the world's sixth-largest economy.

Keys, with 21 hotels and 1,911 rooms in India, is owned by German-American businessman Nicolas Berggruen. The 57-year-old bachelor, who is called a homeless billionaire for living out of hotels, set up Keys in September 2006. If Lemon Tree, promoted by Patanjali Keswani, a former Taj hotels honcho and brother of theatre artist Lillete Dubey, acquires Keys, it will be the company's first acquisition of a lodging chain.

**ENTERPRISE
VALUE OF \$125M**

Keys has an enterprise value of \$125 million (Rs 875 crore). Besides 21 hotels, Keys owns a couple of land parcels in Goa and Raipur, where it had planned to build tourist rooms. Once the purchase is completed, Lemon Tree intends to retain the Keys brand in its collection. Berggruen has been considering an exit from Keys for some time now as he wants

to focus on other ventures.

Moreover, Keys performance and expansion were not in line with Berggruen's expectations. Of the 21 Keys hotels, seven are owned while the rest are managed/franchised. With a change in shareholding expected at Keys, certain property owners are said to be considering cancelling management contracts with the chain. This, however, couldn't be confirmed.