

Lemon Tree Hotels Announces Strategic Partnership With APG

Lemon Tree Hotels today announced that it has entered into a strategic partnership with the Dutch pension fund asset manager APG to develop a portfolio of mid-market hotels in India.

APG manages about 299 billion euros (\$393 billion) on behalf of Dutch pension funds. Lemon Tree Hotels will partner with APG to set up a hotel development cum owning joint venture company Fleur Hotels Private Ltd (Fleur Hotels). Fleur Hotels will invest over Rs. 2,000 Crores to develop and own 4,500 rooms by end of 2016. All the proposed hotels in this joint venture will be branded as Lemon Tree Hotels, Lemon Tree Premier or Red Fox Hotels.

In a concurrent transaction, APG has also acquired a direct stake in Lemon Tree Hotels. The other large shareholders in Lemon Tree Hotels are its founder Patu Keswani and global private equity group Warburg Pincus.

APG's combined investment in the joint venture and Lemon Tree Hotels is Rs. 650 Crores.

Mr. Patu Keswani, Chairman and Managing Director, Lemon Tree Hotels said "Lemon Tree Hotels is the pioneer of the mid-market hotel segment and is already the 4th largest hotel owning company in India, with 2,000 operational rooms and another 1,600 under development. We are delighted to partner with APG in this endeavour to significantly increase the supply of mid-market rooms in India, which has huge unmet demand for this category of hotels. On completion of these proposed hotels by 2016-17, Lemon Tree Hotels will co-own and operate over 8,000 rooms, making it one of the largest hotel owners in India and the dominant player in the mid-market hotel segment. APG is recognized globally for its strong emphasis on investing with partners with a solid track record of corporate governance, sustainability and ethical business practices and I am personally very happy to engage with them to better meet the needs of the underserved domestic consumer of hotel rooms in India."

Mr. Daan Van Aert, Head of Non-listed Real Estate Asia for APG said "Asia is a region of significant expansion for us and we seek strong, like-minded partners to access this region's real estate transformation across all sectors. We view China and India as the major growth engines of the global economy and will expand our footprint further in these markets. India's consumption-led economy provides incremental diversification benefits to our portfolio."

Mr. Sachin Doshi, Senior Portfolio Manager for APG said "We see significant room for growth in the supply constrained mid-scale hotel segment in India and are delighted to partner with Lemon Tree Hotels and Patu Keswani in this endeavour. With one of the world's fastest growing economies, strong domestic consumption, rapid urbanization and young demographics, India presents an attractive long term investment opportunity for us."

About Lemon Tree Hotels:

Lemon Tree Hotels are India's largest chain of mid-market hotels – the perfect choice for today's discerning traveler looking for high quality accommodation.

Promoted in September 2002 by Mr. Patu Keswani, the New Delhi based company currently owns and operates 18 hotels in 14 cities pan India aggregating 2,000 rooms with over 2,200 employees.

For more information log on to www.lemontreehotels.com or contact:

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About APG:

APG, a Dutch pension services provider in the collective pensions market, provides pension fund administration, asset management, management support and communication services to pension funds.

For these pension funds and their 4.5 million active and retired participants from the public and private sector, APG manages pension assets totalling about EUR 299 billion (March 2012). APG administers over 30% of all collective pension schemes in the Netherlands.

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