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December 27, 2018

To,

Listing Department,  
National Stock Exchange of India Limited,  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex  
Bandra (E), Mumbai – 400051

Department of Corporate Services,  
BSE Limited,  
PhirozeJeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400001.

**NSE Scrip Symbol: LEMONTREE**

**BSE Scrip Code: 541233**

Dear Sirs/Ma'am,

**Subject: Disclosure under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

In terms of the provisions of Regulation 30 of the Securities and Exchange Board of India (Listing Obligation and Disclosures Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we would like to inform you that Lemon Tree Hotels Limited ("Company") agreed to enter into a joint venture with Magnolia Grove Investment Ltd, an affiliate of Warburg Pincus group. The joint venture company i.e., Hamstede Living Private Limited will construct, acquire, develop, operate and lease short- and long-stay real estate projects, with a primary focus on student housing, co-living for working professionals/adults and multi-family users.

The details required under Regulation 30 of the SEBI Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 are given in Annexure A to this letter.

A copy of the Joint Press release by Lemon Tree Hotels Limited and Warburg Pincus on the above is enclosed herewith.

Please take the above information on record and kindly acknowledge.

Thanking you,

**For Lemon Tree Hotels Limited**

For LEMON TREE HOTELS LTD.

  
**Nikhil Sethi**  
Group Company Secretary & GM Legal  
and Compliance Officer

Lemon Tree Hotels Limited  
(CIN No. L74899DL1992PLC049022)  
Registered Office: Asset No. 6, Aerocity Hospitality District, New Delhi-110037  
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**Annexure A**

S. NO.	PARTICULARS	DETAILS
1.	Name of the parties with whom the agreement is entered.	<p>Company, Magnolia Grove Investment Ltd, an affiliate of Warburg Pincus group (“Magnolia”), Mr. Patanjali Keswani (promoter of the Company) and Hamstede Living Private Limited (“JV Company”).</p> <p>Company, Magnolia &amp; Mr. Patanjali Keswani are jointly hereinafter referred as “JV Partners”.</p>
2.	Purpose of entering into the agreement.	To establish a joint venture which will construct, acquire, develop, operate and lease short- and long-stay real estate projects, with a primary focus on student housing, co-living for working professionals/adults and multi-family users.
3.	Shareholding, if any, in the entity with whom the agreement is executed.	<p>The shareholding of the JV Company will be as follows:</p> <ul style="list-style-type: none"><li>• Company – 30%</li><li>• Magnolia – 68%</li><li>• Mr. Patanjali Keswani – 2%</li></ul>
4.	Significant terms of the agreement (in brief), special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure, etc.	<p>The agreement provides for certain terms which are customary for joint ventures, which include:</p> <ul style="list-style-type: none"><li>• Right of parties to nominate directors and management team,</li><li>• Transfer restrictions,</li><li>• Right to participate in future capital raises,</li><li>• Affirmative rights</li></ul>
5.	Whether the said parties are related to promoter/promoter group/group companies in any manner. If yes, nature of relationship.	<ul style="list-style-type: none"><li>• The JV Company has been incorporated as a wholly owned subsidiary of the Company, however will cease to be a subsidiary immediately after investment by all the JV Partners.</li><li>• Mr. Patanjali Keswani who will be investing in his individual capacity in the JV Company is a Promoter as well as the Chairman and Managing Director of the Company.</li></ul>

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6.	Whether the transaction would fall within the related party transactions? If yes, whether same is done at 'arm's length'.	Yes, the transaction is a related party transaction and is being entered at 'arm's length' terms.
7.	In case of issue of shares to the parties, details of issue price, class of shares issued.	The JV Company will issue equity/ compulsorily convertible preference shares for an amount of upto Rs. 1500 Crore over a period of time, followed by an additional issue of equity/ compulsorily convertible preference shares for upto Rs. 1500 Crore at the option of the JV Partners, in multiple tranches over a period of time, at the price approved by the board of the JV Company, in accordance with provisions of the law.
8.	Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc;	The Company and Magnolia will be entitled to nominate directors proportionate to their respective shareholding in the JV Company. The Board Of Directors of the JV Company shall initially comprise of seven directors, of which the Company will be entitled to nominate 2 directors (which will include Mr. Patanjali Keswani), Magnolia will be entitled to nominate 4 directors and the board shall also include the chief executive officer of the JV Company.
9.	In case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s): a) name of parties to the agreement; b) nature of the agreement; c) date of execution of the agreement; d) details of amendment and impact thereof or reasons of termination and impact thereof.	Not applicable.





## **Lemon Tree Hotels and Warburg Pincus Enter into a JV to Form a Co-Living Platform**

*Joint equity investment of Rs. 3,000 Crore over a period of time to develop high quality, full service accommodation for students and young working professionals*

**New Delhi, India, December 27, 2018** - Lemon Tree Hotels, India's largest hotel chain in the mid-priced sector has formed a JV with an affiliate of Warburg Pincus, a leading global private equity firm focused on growth investing, to create a co-living platform. The JV marks Lemon Tree Hotel's entry into an adjacent but new business segment focusing on the development of institutional-grade rental housing accommodation serving both students and young working professionals across major educational clusters and key office markets in India. Following Warburg Pincus' successful partnerships in China and Hong Kong, with entities such as Mofang, Nova, Ziroom and Weave, this investment represents the first co-living platform which the firm has 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 Mr. Patanjali Keswani.

The JV partners will initially invest Rs. 1,500 Crore in equity over a period of time followed by an additional infusion of Rs. 1,500 Crore in equity at the option of the partners, to develop rental housing projects through a combination of greenfield purpose-built properties, refurbishment of existing under-managed/stressed commercial and residential assets taken on lease/acquisition basis as well as management of existing for-rent accommodation projects. The platform aims to provide affordable and conveniently located co-living spaces for students and young professionals, who are increasingly looking to be part of a vibrant community with like-minded individuals. The JV's projects will also include shared spaces like living room, gym and well-equipped cafeterias in order to provide its residents with a high-quality and full-service co-living accommodation.

The JV has developed a pan-India strategy and is building a dedicated team to execute its plan, making it one of the very few players with a combined focus across student housing and young professional co-living segments, while undertaking customized developments to meet the evolving needs of the millennial population in India.

**Commenting on the formation of the JV, Patanjali (Patu) Keswani, Founder, Chairman and Managing Director, Lemon Tree Hotels Limited, said,** "We are delighted to once again partner with Warburg Pincus at an early stage of this exciting new business opportunity, which will allow Lemon Tree Hotels to move into a segment which is nascent but closely aligned to our existing target customers and which is expected to see



tremendous growth, going forward. Driven by the lack of quality accommodation and high rental/capital costs across key Indian cities relative to salary levels, the rise of co-living spaces is a part of the evolution of the sharing economy that will continue to gain significant traction. Our purpose-built developments will offer efficient and community-oriented living solutions in a hassle-free environment for our residents through a combination of unique product design and diversified service offerings. We look forward to working closely with Warburg Pincus and leveraging their successful experience in helping create market leading platforms in the shared accommodation space in other parts of Asia."

**Anish Saraf, Managing Director, Warburg Pincus said:** "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. Moreover, this millennial population desires modern housing facilities with a sense of community living, which is missing in existing accommodation offerings. We are excited to partner for a second time with Patu and his team and believe that this JV is well-positioned to become a leading for-rent accommodation provider in India, given its access to significant capital as well as support from Lemon Tree Hotel's proven design/development capability and existing on-ground infrastructure across the country. We look forward to working with Lemon Tree Hotels to build a best-in-class team and scale-up the platform as well as build a strong consumer brand in the Indian co-living space."

#### **About Lemon Tree Hotels Limited**

Lemon Tree Hotels Limited (LTH) is India's largest hotel chain in the mid-priced sector, and the third largest overall, on the basis of controlling interest in owned and leased rooms, as of June 30, 2017, according to the Horwath Report. LTH operates in the mid-priced hotel sector, consisting of the upper midscale, midscale and economy hotel segments and seeks to cater to Indian middle class guests and deliver differentiated yet superior service offerings, with a value-for-money proposition. LTH opened its first hotel with 49 rooms in May 2004 and currently owns and operates about 5,300 rooms in 52 hotels across 31 cities. As per its current pipeline, LTH will own/operate 86 hotels with 8,743 rooms, across 57 cities in India and overseas by FY2021.

Lemon Tree hotels are located across India, in metro regions, including the NCR, Bengaluru, Hyderabad and Chennai, as well as tier I and tier II cities such as Pune, Ahmedabad, Chandigarh, Jaipur, Indore and Aurangabad. New hotels will open shortly in Mumbai, Kolkata and Udaipur. For more information, please visit [www.lemontreehotels.com](http://www.lemontreehotels.com).

#### **About Warburg Pincus**

Warburg Pincus LLC is a leading global private equity firm focused on growth investing. The firm has more than USD 47 billion in assets under management. The firm's active portfolio of more than 170 companies is highly diversified by stage, sector and geography. Founded in 1966, Warburg Pincus has raised 17 private



equity funds, which have invested more than USD 68 billion in over 825 companies in more than 40 countries. The firm is headquartered in New York with offices in Amsterdam, Beijing, Frankfurt, Hong Kong, Houston, London, Luxembourg, Mumbai, Mauritius, San Francisco, Sao Paulo and Shanghai.

Warburg Pincus has a proven track record as an experienced and successful investor in the real estate sector across the region. The firm has invested over USD 4 billion in Asian real estate companies, helping build successful businesses and leading brands such as Piramal Realty, Embassy Industrial Parks, Red Star Macalline, 7 Days Inn, ESR, Mofang Apartments, Nova and Vincom Retail. For more information, please visit [www.warburgpincus.com](http://www.warburgpincus.com).

**Media Contacts:**

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