



Palamon

Capital Partners

For immediate release

July 25, 2011

Palamon invests in EnGrande, a leading European on-line budget accommodation agent

Palamon Capital Partners (“Palamon” or the “Firm”), one of Europe’s leading mid-market private equity firms, has acquired a majority stake in EnGrande (“EnGrande” or “the Company”), a leading European on-line booking business focused on the budget accommodation sector. The terms of the transaction were not disclosed, however, Palamon will hold a majority stake in the business.

EnGrande was established in 2003 by founder and CEO John Erceg to generate bookings for budget hotels and apartments in Barcelona. Following a successful period of rapid expansion across Europe and selected cities in North America and Asia-Pacific, the Company now has more than 7,000 establishments subscribed to its service worldwide and processes more than €80 million of bookings per annum. Engrande’s websites, which include www.budgetplaces.com, and a network of dedicated 30’s city websites, such as www.london30.com and www.amsterdam30.com, are aimed at cost conscious leisure and business travellers who are typically based in Europe. The Company employs 85 staff and is headquartered in Barcelona with offices in New York City and Dublin.

Palamon’s investment in EnGrande is based on the strong growth dynamics of the on-line travel agent market. The European hotel sector generates sales of €85 billion per annum of which on-line bookings currently account for around €14 billion but are growing at more than 14% per annum. The European budget accommodation sector itself is currently worth approximately €15 billion per annum and is rapidly growing due in part to the expansion of low cost carriers. The fragmented nature of accommodation suppliers and their low penetration on-line presents EnGrande with a strong opportunity to accelerate the growth of its network of providers and become the leading player in the budget market.

Commenting on the transaction, Founder and CEO of EnGrande John Erceg said: “We are delighted to partner with such an experienced growth investor as Palamon. Their understanding of the on-line retail space and analysis of our business convinced us that they could provide the strongest strategic support to help us achieve our ambitious growth plans. A key part of the growth plan is a shared commitment to delivering the best choice of cheap, central, clean and safe accommodation to our customers. EnGrande is passionate about helping its online customers save money on their travel accommodation and helping hoteliers fill their rooms profitably.”

Fabio Massimo Giuseppetti, Partner at Palamon Capital Partners commented: “We are excited about partnering with John and his management team through our investment in EnGrande. The conclusion of this transaction is the culmination of an extensive amount of research into the on-line travel agent sector. The internet has yet to transform the budget accommodation sector in Europe as the low cost supplier base is still highly fragmented and many owner operated establishments have yet to embrace the on-line world.”

Jaime-Enrique Hugas, Principal at Palamon Capital Partners commented: “EnGrande is a strong platform from which to build a niche market leader. The Company addresses a fundamental market need by offering today’s cost conscious consumer its network of over 7,000 cheap, central and clean establishments in Europe and in selected cities globally. EnGrande’s has a truly differentiated offering in the budget accommodation market. We look forward to working with John and his team.”

Palamon has a strong track record in partnering founder-led businesses and providing strategic and financial support through periods of accelerated growth. In 2007 the Firm invested in European on-line fashion retailer, Dress-for-less, and during its ownership grew revenue and profitability by more than 35% per year. The business was sold in March 2011 to Privalia, headquartered in Barcelona. In December 2010 Palamon sold its majority stake in Loyalty Partner, Europe's largest loyalty programme, to American Express in a transaction valued at more than €500 million. The founder-led company, which was acquired by the Firm in 2005 more than doubled revenue and profitability during Palamon's ownership.

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For further information

Palamon Capital Partners

Fabio Massimo Giusseppe
Jaime Enrique-Hugas
Annette Wilson
Tel. +44 20 7766 2000

EnGrande

John Erceg
Tel. +34 93 183 4420

Citigate Dewe Rogerson [for Palamon Capital Partners]

Patrick Evans
Tel: +44 20 7638 9571

Notes to the editors:

Palamon Capital Partners

Palamon Capital Partners, LP is an independent private equity Partnership founded in 1999, which is focused on providing equity for European growth services companies. Palamon, as a pan-European investor, originates, executes and manages investments in the UK, Germany, Italy, Spain, Norway, and Sweden. The Firm targets investments in companies where it can be the lead private equity provider and where the Partnership's experienced principals can provide strategic direction and partner with management to help build equity value. The Firm manages Palamon European Equity, L.P. and Palamon European Equity II, L.P. capitalised at €1.1 billion, and making up one of the largest pools of private equity capital dedicated to growth investment opportunities in Europe's mid market arena. Investors in Palamon funds are based mainly in the US and Europe and are among the most significant investment institutions in the world.

For more information on Palamon refer to www.palamon.com

EnGrande

EnGrande was established in 2003 by founder John Erceg and today has become one of Europe's leading online budget accommodation booking businesses through its flagship website www.budgetplaces.com and its network of affiliate 30's sites (e.g. www.london30.com, www.rome30.com, www.barcelona30.com, www.amsterdam30.com). EnGrande's sites take over €80 million in on-line budget accommodation bookings per year for its fast growing accommodation network of about 7,000 establishments in Europe and in selected cities of North America and Asia-Pacific.

For more information on EnGrande refer to [www.engrande.com or www.budgetplaces.com]

Advisors to the transaction

Financial and tax due diligence:	PricewaterhouseCoopers (Palamon)
Legal adviser:	Baker & McKenzie (Palamon)
Legal adviser:	Jones Day (EnGrande)
Financial adviser:	Noah Advisors Ltd.