

PRINCIPAL

PRINCIPAL HOTEL COMPANY ANNOUNCES INVESTMENT PLANS FOR THE GRAND HOTEL IN BIRMINGHAM

25 May 2017

The hotel at The Grand, one of Birmingham's most iconic buildings, is to be redeveloped into a luxury, 180-room hotel through a partnership announced today between Hortons' Estate – which owns the Grade II* listed property – and Principal Hotel Company. Principal Hotel Company is an owner and operator of 39 hotels across the United Kingdom and a portfolio company of controlled affiliates of Starwood Capital Group, a leading global private investment firm. Financial terms of the partnership were not disclosed.

The Grand was developed by the Horton family between 1879 and 1895 and contained shops, offices and the Grand Hotel, which the family ran until 1969. The hotel was subsequently managed by a number of operators until it closed in 2002.

'The Grand is a magnificent building in a great location. We have no doubt that it can once again become the finest hotel in the city,' said Cody Bradshaw, Managing Director and Head of European Hotels at Starwood Capital Group. 'By adding Birmingham to our portfolio of Principal hotels, we further strengthen what we believe is already the finest collection of U.K. hotels ever to be assembled in a single portfolio, which includes our flagship London hotel, due to open on Russell Square this autumn following a stunning, £75 million restoration.'

Starwood Capital Group in November 2016 launched Principal, a collection of city-centre hotels based in landmark buildings in exceptional locations across the United Kingdom. The creation of Principal is a part of Starwood Capital Group's rebranding of

its portfolio of U.K. hotels under the new name of Principal Hotel Company, which also comprises De Vere – modern, country estate hotels, with mansion houses at their heart, mixing leisure with market-leading conference facilities. Principal Hotel Company is currently in the midst of a £250 million investment programme across the portfolio.

The Grand represents Principal's first investment in Birmingham – the U.K.'s second-largest city by population, with a rapidly growing tourism market and an established conference centre offering, located just one hour from London. In addition to 180 bedrooms and suites, the refurbished asset will include extensive conference and banquet spaces, a restaurant and bar, a spa and a rooftop infinity pool. Interiors will be designed by Robert Angell Design under the direction of Starwood Capital's Head of Design, Kemper Hyers, and the in-house Principal design team.

'This partnership with Hortons not only consolidates the strength of our newly launched Principal urban lifestyle hotel brand, it also illustrates the confidence of our partners and investors in the potential of what we have created –potential that is already being realised by The Principal Manchester, The Principal York and The Principal Edinburgh George Street,' said Tony Troy, CEO of Principal Hotel Company. 'Our ambitious plans for 2017 include the opening of our flagship hotel, The Principal London on Russell Square, as well as a second Principal Hotel in Edinburgh, with city-centre hotels in Glasgow, Cardiff, Liverpool, Leeds and Oxford joining Principal in late 2017 and over the course of 2018.'

Tony Green, chief executive of Hortons' Estate, said: 'We have always believed that the restoration of The Grand would not be complete if it did not include a luxury hotel. After considerable time and effort, we have chosen to work with Principal on the project because they share our commitment to creating the city's finest hotel and because of their impressive track record working on similar buildings in other major cities.'

Since 2009, Hortons' Estate has invested £25 million in the award-winning restoration of the building, resulting in the creation of 10 new shops and 1,000 sq. m (11,000 sq. ft) of offices fronting Colmore Row, together with significant re-modelling of the interior of the former hotel.

The work has been supported by grants from Greater Birmingham and Solihull Local Enterprise Partnership, Birmingham City Council and Historic England.

The hotel is scheduled to open in early 2019.

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Notes to editors:

Principal is a collection of city-centre hotels based in landmark buildings in exceptional locations across the United Kingdom. The distinctive heritage and resulting relationship between the properties and their surroundings are the cornerstones of the Principal brand. Each of the hotels has a story to tell – of its history, its design and architecture, its quirks and characters, and its role in shaping the city and forging relationships with local partners, whether corporate or creative. From the elegant Georgian townhouses that form the core of The Principal Edinburgh George Street to the clock tower that's synonymous with The Principal Manchester and its history as the headquarters for the Refuge Assurance Company – Principal Hotels define their cities and neighbourhoods.

The creation of Principal is a part of Starwood Capital Group's rebranding of its portfolio of U.K. hotels under the new name of THE PRINCIPAL HOTEL COMPANY, comprising PRINCIPAL in city centres, and DE VERE – modern, country estate hotels,

with mansion houses at their heart, mixing leisure with market-leading conference facilities. The De Vere brand is scheduled to launch in summer 2017, following an investment of more than £50 million.

About Starwood Capital Group

Starwood Capital Group is a private alternative investment firm with a core focus on global real estate, energy infrastructure and oil & gas. The Firm and its affiliates maintain ten offices in four countries around the world, and currently have more than 2,200 employees. Starwood Capital Group has raised over \$40 billion of equity capital since its inception in 1991, and currently manages more than \$51 billion in assets. The Firm has invested in virtually every category of real estate on a global basis, opportunistically shifting asset classes, geographies and positions in the capital stack as it perceives risk/reward dynamics to be evolving. Over the past 26 years, Starwood Capital Group and its affiliates have successfully executed an investment strategy that involves building enterprises in both the private and public markets. Additional information can be found at starwoodcapital.com.