

Starwood Capital Group Closes Transaction to Acquire Principal Hayley Group

Greenwich, CT/London – February 27, 2013 – Starwood Capital Group, a leading private investment firm, and Principal Hayley Group (“Principal Hayley”), the leading business, conference & events hotel group, announced today that an investment fund affiliated with Starwood Capital Group (“Starwood”) has acquired Principal Hayley. Terms of the transaction were not disclosed.

Principal Hayley is a collection of 23 landmark city centre hotels and dedicated conference and training venues across the UK and Europe. The Principal Hayley portfolio currently includes 23 properties offering a combined capacity of approximately 4,000 bedrooms, over 500 meeting rooms and ability to host over 26,000 delegates per day in key locations. The group includes well known iconic city centre hotels such as The George, Edinburgh, the St David’s Hotel, Cardiff, the Grand Central Hotel, Glasgow and the Hotel Russell, London.

The transaction continues Starwood Capital Group's expansion in the hotel sector, particularly in Europe. The Greenwich, Connecticut-based firm currently owns, among other assets, the Louvre Hotel Group, which includes over 1,100 hotels located in 39 countries, in addition to interests in many of the Meridien Hotels including the Etoile in Paris and the Eden in Rome, as well as the luxury Baccarat Hotel & Resorts brand and the lifestyle eco-brand, 1 Hotels & Resorts which recently announced their first five projects.

Barry Sternlicht, Chairman and CEO of Starwood Capital Group, said: “This transaction marks an exciting investment in the European hotels and conferences sector and provides a great management platform for us to expand further in Europe. Principal Hayley’s assets include historic and iconic properties strategically located in many key city centre locations.”

“We intend to use our capital and branding expertise to maximize the value of each property in the portfolio,” said Jeff Dishner, Senior Managing Director of Starwood Capital Group. “We look forward to working with the Principal Hayley management team to grow the enterprise.”

Roger Devlin, Chairman of Principal Hayley, said: "I believe it is a significant achievement in challenging market conditions to have delivered a fair exit multiple for stakeholders within a disciplined timeframe. This is the right deal for customers and employees alike."

Tony Troy, CEO of Principal Hayley, said of the transaction: “We are pleased with the opportunity to work with Starwood Capital, which has extensive experience in the hospitality sector and a very strong track record. We look forward to the future development of the Group as a platform for growth.”

Citigroup arranged and underwrote the senior debt facility to support Starwood's acquisition. Goldman Sachs acted as financial adviser to Principal Hayley Group and Lloyds Banking Group.

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About Starwood Capital Group

Starwood Capital Group is a private, U.S.-based investment firm with a core focus on global real estate. Since the group’s inception in 1991, the firm has raised over \$16 billion of equity capital and, through its various funds, has invested \$13.7 billion representing \$36 billion in assets. Starwood Capital Group currently has over \$22 billion of assets under management. Starwood Capital Group maintains offices in Greenwich, Atlanta, San Francisco, Washington, D.C., Los Angeles and Chicago, and affiliated offices in London, Luxembourg, Paris,

Mumbai and Sao Paulo. Starwood Capital Group has invested in nearly every class of real estate on a global basis, including office, retail, residential, senior housing, golf, hotels, resorts and industrial assets. Starwood Capital Group and its affiliates have successfully executed an investment strategy that includes building enterprises around core real estate portfolios in both the private and public markets. Additional information about Starwood Capital can be found at www.starwoodcapital.com.

About PHG

Principal Hayley Group is one of the UK's leading upscale hotel groups. With 23 business and conference-led hotels and venues located across the UK and Europe providing c. 4,000 bedrooms and 500 meeting rooms, the Group offers unique spaces and the latest state-of-the-art meeting and conferencing facilities.