

PRINCIPAL

STARWOOD CAPITAL ANNOUNCES PRINCIPAL

Barry Sternlicht unveils new U.K. hotel brand

16 September 2016

Starwood Capital Group, a leading global private investment firm, announced today that it will launch PRINCIPAL, a new urban lifestyle hotel group, on 1st November 2016, following a capital investment in the portfolio of approximately £150 million.

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 (formerly The George Hotel) to the clock tower that's synonymous with The Principal Manchester (formerly The Palace Hotel) and its history as the headquarters for the Refuge Assurance Company—Principal Hotels define their cities and neighbourhoods.

“At the heart of a great business is a unique and authentic story. Our people and our buildings have great stories to tell, and these stories differentiate you from the competition, giving your guests and your staff something to cheer about,” said Barry Sternlicht, Chairman and CEO of Starwood Capital Group. “Reviving these historic, grande-dame hotels is a truly great story—they are spectacular buildings in which we can create dynamic scenes. The story of each hotel, its amazing history and architecture is the opposite of the mass-produced chain hotel, and provides us with a canvas on which to curate a unique sense of place.”

At the core of every Principal Hotel is a brilliant bar and restaurant that resonates with “locals” as much as it does with hotel guests. Other touch points will include vintage letterboxes in each lobby; a “corner shop” selling treats to stock the mini bar and essentials that guests might have

left behind; a tuck box of complimentary snacks, as well as fresh milk and mineral water in the mini bar; and a fully fledged Concierge to guide guests to hidden gems and must-see attractions alike.

The Principal Manchester

The Principal Manchester, on the corner of Oxford Street and Whitworth Street, occupies three adjoining buildings dating to between 1895 and 1932. Designed by Alfred Waterhouse, his son Paul, and Stanley Birkett, all three buildings were commissioned by The Refuge Assurance Company as its company headquarters, and they include the iconic, 66m (217ft) clock tower, which has become a symbol of the city and its status as a centre of industry and commerce.

Following an investment of more than £25 million, The Principal Manchester has been remodelled from top to toe to create 270 loft-style bedrooms and suites designed by Michaelis Boyd Architects; 17 meeting and event spaces, including the largest hotel ballroom in the northwest of England; The Refuge Dining Room and Public Bar, curated by DJs-turned-restaurateurs Luke Cowdrey and Justin Crawford; and a double-height lobby in which stands a specially commissioned, 600kg (1300lb), 3m (10ft) high bronze horse sculpted by Sophie Dickens, a reference to the turning circle for horse-and-carriage that once occupied the centre of the space.

The Principal York

The Principal York (formerly The Royal York Hotel) dates from 1878, and was built to complement and serve the significant expansion of York Railway Station, with landscaped, private gardens running to three acres. Local Tadcaster stone gives the exterior a honeyed glow, and the imposing façade suggests a grand country home more than a Victorian railway hotel. The sensitive architectural restoration, by 3D Reid and Goddard Littlefair, places an elegant Garden Room at the hub of the hotel, next to the main lobby and the sweeping grand staircase, where guests can enjoy afternoon tea whilst looking out across manicured lawns to York Minster in the distance. In addition to 155 guest rooms and suites, The Principal York offers an Events Centre and 10 additional meeting and event spaces; a gym and indoor pool; the Chapter House bar, serving local craft ales alongside wines, spirits and cocktails; and The Refectory Kitchen & Terrace, whose cooking champions fresh, seasonal, local produce and the abundant larder of “God’s own country.”

The Principal Edinburgh

Completing the trio of hotels at launch, **The Principal Edinburgh** on George Street has been welcoming hotel guests since 1881. At its heart are five listed Georgian townhouses, built in 1775 as homes for Edinburgh's most prosperous citizens—among them James Ferrier, a lawyer, who bought No. 25 and whose daughter, Susan, was considered by Sir Walter Scott to be the equal of Jane Austen. Their former home is now The Printing Press Bar & Kitchen, where local Head Chef Colin Fleming champions modern Scottish cooking, and the bar team oversees an impressive collection of local spirits, from single malts to Edinburgh gin and Scottish vodka.

The Principal portfolio also includes Principal Partners—iconic hotels that will join the brand over the course of 2017, among them The Grand Central Hotel in Glasgow; The Hotel Russell in London, which is currently closed and is due to reopen next summer as The Principal London; and the former Martins Bank, which will open as The Principal Liverpool in early 2018.

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 spring/summer 2017, following an investment of more than £50 million.

The Principal Hotel Company, which owns and operates over 40 landmark buildings across the length and breadth of the U.K, received an investment in excess of £200 million following the acquisition of Principal Hayley by a controlled affiliate of Starwood Capital Group in 2013, and the subsequent acquisition by controlled affiliates of Starwood Capital Group of De Vere Venues, Four Pillars, the Townhouse Collection and some individual, strategic assets.

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Notes to Editors

Barry S. Sternlicht - Chairman & CEO, Starwood Capital Group

Barry Sternlicht is Chairman & Chief Executive Officer of Starwood Capital Group, the private investment firm he formed in 1991 that is focused on global real estate, hotel management, oil and gas, and energy infrastructure. Mr Sternlicht also serves as Chairman of Starwood Property Trust (NYSE: STWD), the largest commercial mortgage REIT in the U.S.; and TRI Pointe Homes (NYSE: TPH), one of the U.S.'s largest homebuilders; as well as Co-Chairman of Colony Starwood Homes (NYSE: SFR), one of the largest publicly traded investors, owners and operators of single-family rental homes in the U.S.

From 1995 through early 2005, Mr Sternlicht was Chairman and CEO of Starwood Hotels & Resorts Worldwide (NYSE: HOT) ("Starwood Hotels"), a company he founded in 1995. During his tenure, he built Starwood Hotels into one of the leading hotel and leisure companies in the world, employing more than 120,000 people with 895 properties in 100 countries.

Mr Sternlicht created W Hotels, generally regarded as the world's most successful "boutique" brand, and built the St Regis Hotels brand from a single hotel to a global brand. In 2008, Mr Sternlicht founded SH Group, his new hotel management company. SH Group is the owner and manager of Baccarat Hotels & Resorts and I Hotels brands.

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 and gas. The Firm and its affiliates maintain 10 offices in four countries around the world, and currently have more than 2,150 employees. Starwood Capital Group has raised over \$34 billion of equity capital since its inception in 1991, and currently manages more than \$53 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 25 years, Starwood Capital Group and its affiliates have successfully executed an investment strategy that involves building enterprises around real estate, energy infrastructure and oil and gas portfolios, in both the private and public markets. Additional information can be found at starwoodcapital.com.