

## **LONDON'S PADDINGTON TO GAIN £203 MILLION HOTEL COMPLEX FUNDED BY M&G INVESTMENTS**

- *Premier Inn and Staycity to occupy 620-bed scheme in Paddington*
- *M&G secures rare opportunity to acquire a large central London asset with 30 years' inflation linked income*

**London, 23 January 2019** – The regeneration of London's Paddington will take a further step forward with the development of a 620-room hotel and aparthotel complex. The tenants of the scheme will be Premier Inn and Staycity Group ("Staycity") and it is expected to open by 2021.

M&G has acquired the long leasehold interest of the development site and will finance the construction of the hotel complex to be carried out by development consortium, Concierge 3 Limited (a joint venture partnership between The Pickstock Group, Staycity, and BSW Land & Property Ltd.). The capital is provided by the £4.1 billion M&G Secured Property Income Fund, which invests in UK real estate assets let on long-term leases, usually with rents that increase in line with inflation.

Under the terms of the deal, Whitbread plc, the owner of Premier Inn, ("Whitbread") and Staycity will each take 30-year leases on five yearly inflation-linked rent reviews, operating independently with 60% and 40% of the rooms respectively. The ongoing transformation of the area and its excellent transport links continue to improve Paddington's desirability as an office and leisure location, strengthening demand for accommodation from business and leisure visitors. The scheme also has provision for a 27,000 sq ft education facility, landscaping and open space.

Staycity, a leading aparthotel operator, will provide the aparthotel side of the development under its premium brand Wilde Aparthotels by Staycity, consisting of smart, design-led studios and one-bed spaces which will enable guests to relax, cook and work in inspiring interiors. Whitbread will provide a latest generation 373-bedroom Premier Inn hotel, which will be its first in Paddington.

**Kevin Vickers, Investment Director, M&G Real Estate**, says: "Business travellers continue to seek well-connected and affordable central London accommodation. The £2 billion invested in Paddington in recent years has predominantly been invested in office and residential

developments, positioning this hotel and aparthotel transaction as an attractive investment opportunity.

“London is one of Europe’s best performing hotel markets and is expected to account for more than a third of the pipeline of new aparthotels in the UK and Ireland market by 2021. The increase of high-profile operators entering the market and the availability of operating data is enabling investors to become more comfortable with investing into the sector.”

**Jonathan Langdon, Acquisition Manager (Central London) for Whitbread**, says: “We’ve been exploring opportunities to invest in Paddington for some time now and are very excited at the prospect of gaining a presence for Premier Inn there. It’s a fantastic development in one of London’s most vibrant and well-connected areas and the hotel adds another quality zone-one location to our growing London portfolio. The new Premier Inn will make a positive contribution to the area by offering visitors greater choice, creating local jobs and spreading the positive knock-on benefits to local businesses that Premier Inn hotels bring.”

**Tom Walsh, CEO and co-founder of Dublin-based Staycity**, says: “We are delighted to be part of this exciting development opportunity. Paddington Station is London’s gateway to the West and is just 15 minutes from Heathrow Airport. As well as being a burgeoning business area, leisure visitors can enjoy two royal parks within walking distance, the picturesque Little Venice and great links to London’s Notting Hill and the West End.”

**Ben Jones, manager of the M&G Secured Property Income Fund**, adds: “This is a rare opportunity to acquire a large scale, high quality property in central London offering such long-term income. Our institutional investors continue to seek assets with long leases that generate income in order to meet regular pension fund payments, as well as the potential increase in commercial property values when investing over the long-term.”

This is the Fund’s fifth transaction with Whitbread as a tenant, following a £100 million funding deal to develop a 339-room hub by Premier Inn hotel on Tothill Street, Westminster, adding to the existing portfolio of Premier Inn hotels at Gatwick Airport North Terminal, Holborn and Wandsworth.

**-ENDS-**

**Notes to editors:**

- London is one of Europe's best performing hotel markets with occupancy averaging around 84% in 2017. (PWC UK Hotels Forecast 2016)
- Over £2 billion has been invested in the Paddington since 2001, mainly in residential and office developments. (Westminster City Plan November 2016)

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**About M&G Secured Property Income Fund**

- M&G combines fixed income/credit and property expertise to analyse tenant quality (income component of the fund) and underlying value of the real estate (capital).
- Portfolio comprises 203 properties with a total value of £4.1 billion as at 31 December 2018
- The Fund invests in traditional and alternative sectors with long term leases (weighted average maturity of 32 years) with 90% of the income rising in line with inflation

**About Staycity**

Recognising that standard hotel rooms did not meet the needs of growing numbers of business and leisure travellers, Irish-owned Staycity Group was founded in Dublin in 2004 by CEO Tom Walsh and his brother Ger. The company is now one of Europe's leading aparthotel operators operating under the *Staycity Aparthotels* and *Wilde Aparthotels by Staycity* brands. Staycity currently has in excess of 7,000 apartments (operational and pipeline) across major European cities including Birmingham, Dublin, Edinburgh, Liverpool, London, Lyon, Manchester, Marseille, Paris, and York, with many more exciting cities to follow.

Staycity's properties are made up of studios, one-bedroom and two-bedroom apartments offering 24-hour reception, kitchens or kitchenettes, a dining area, sitting area and bathroom as well as complimentary Wi-Fi access, flat-screen TV, guest laundry facilities and weekly housekeeping. Most sites have car parking and many offer a dry gym and a lounge/café for breakfast, all-day snacks and drinks.

The company is on target to achieve its stated aim of 15,000 apartments by 2023.

### **About Premier Inn**

Premier Inn was named the UK's top-rated hotel chain for 2018 according to Which? With over 790 budget hotels and more than 75,000 rooms across the UK and Ireland, Premier Inn hotels are in more locations than any other UK hotel brand for the ease and convenience of leisure and business travellers alike.

Across the estate, the average Trip Advisor score for Premier Inn hotels is 4.2. The business has been awarded the Best UK Family Hotel in the TripAdvisor Travellers' Choice Awards, Best UK Hotel Group in the Silver Travel Awards and the Business In The Community Environmental Leadership Award.

Great Ormond Street Hospital Children's Charity is the National Charity partner of Premier Inn and to date team members, guests and suppliers have reached the milestone of £10 million, which formed part of the funding towards the Premier Inn Clinical Building, officially opened by HRH The Duchess of Cambridge in January 2018.

Outside of the UK, Premier Inn's expansion plans are focused on two key markets; Germany and the Middle East, with plans to expand in Ireland. Premier Inn opened its first hotel in Frankfurt in 2016 and the business has 5,500 Premier Inn bedrooms in its secured pipeline in Germany.

### **About Concierge 3 Limited**

A development consortium comprising the following three joint venture partners, Concierge 3 Ltd. embody expertise within every stage of a development project, from conception, successful delivery, through to efficient and high-quality operations.

**Staycity Limited** – as above

**The Pickstock Group:** The Pickstock Group is an international group of companies with interests in manufacturing, telecommunications, modular production, construction, property development and investment. Delivering for both the private and public sectors, The Pickstock group has emerged as a formidable force in property sectors where volume play is a dictating dynamic.

**BSW Land & Property Limited:** BSW are a boutique property development outfit focussed on hospitality projects across the U.K., with specialist expertise in design management, value engineering, development finance, and structured finance solutions.

### **About M&G Prudential and M&G Investments**

M&G Investments is part of M&G Prudential, a savings and investment business which was formed in August 2017 by our parent company, Prudential plc and has £351 billion of assets under management. M&G Prudential has over 7 million customers in the UK, Europe and Asia, including individual savers and investors, life insurance policy holders and pension scheme members.

M&G Prudential is set to demerge from Prudential Plc to become an independent company listed on the London Stock Exchange.

For nearly nine decades M&G Investments has been helping its customers to prosper by putting investments to work, which in turn creates jobs, homes and vital infrastructure in the real economy. Its investment solutions span equities, fixed income, multi asset, cash, private debt, infrastructure and real estate. M&G recognises the importance of responsible investing and is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and is a member of the Climate Bonds Initiative Partners Programme.

Its £30 billion property arm, M&G Real Estate, is a leading financial solutions provider for global real estate investors, has a sector leading approach to responsible property management and is committed to continuously improving the sustainability performance of its funds.

For more information, please visit: <http://www.prudential.co.uk/businesses/mandg-prudential>

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