

M&G INVESTMENTS PROVIDES £100 MILLION FUNDING TO DEVELOP HUB BY PREMIER INN IN PRIME CENTRAL LONDON LOCATION

- *Provides 25-years of inflation linked cash flows from market leading operator*
- *Reflects strong underlying fundamentals for the budget hotel sector in central London*

London, 12 January 2017 – M&G Investments has acquired the freehold of 21 Tothill Street, Westminster and will fund the development of a 339-room hub by Premier Inn, to be carried out by Whitbread Group Plc (Whitbread Group).

The capital is provided by the £3.3 billion M&G Secured Property Income Fund, which invests in UK real estate assets, let to high quality tenants on long-term, inflation-linked leases. The property will be let to Premier Inn (UK) Limited on a 25-year lease with five yearly rent reviews. The transaction complements the Fund's existing portfolio of Whitbread Group assets, which includes Premier Inn hotels at Gatwick North Terminal, Red Lion Street, Holborn, and Wandsworth in south west London.

Whitbread Group will redevelop the former office building into a circa 100,000 sq ft, nine-floor hotel with a bar area of approximately 3,000 sq ft at ground level. The hub by Premier Inn, launched by Whitbread in 2014, is a new generation of compact, city centre hotels, with a focus on value for money and an emphasis on design and technology. The redevelopment is expected to complete in 2017 and will add an affordable alternative to a selection of up-market hotels in the area.

Ben Jones, fund manager of the M&G Secured Property Income Fund, says: "This investment will provide our clients with a high quality inflation-linked cash flow. The forecast returns are well supported by the prime central location of the asset, underpinning the long term value of the investment. Pension funds and insurance companies continue to look for secure long-term investments to match their liabilities and we are confident that this property will deliver on that requirement. London is one of the world's leading tourist and business destinations with a strong demand for budget hotels.

Shailendra Shah, Director: Investment, M&G Real Estate says: "Operational real estate has been attracting a lot of attention from institutional investors in recent years as it offers considerable relative value compared to traditional real estate assets. The budget hotel

sector presents fantastic investment opportunities, with secure covenants, regular income, and this will be our fourth transaction with Whitbread Plc”.

Mark Anderson, Managing Director – Property and Premier Inn International at Whitbread, says: “This is a great example of Whitbread’s property strategy in action and how we are able to release value created from suitable freehold developments for new growth opportunities. Illustrating the strength of the Whitbread covenant and the success of the innovative hub by Premier Inn format, the sale and lease back of 21 Tothill Street agreed with M&G will deliver an excellent hotel in a prime central London location, as well as recycling capital for further network expansion as we target 85,000 bedrooms by 2020.”



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Notes to Editors

About hub by Premier Inn location: Tothill Street

The asset is located in prime central London and there are no other budget hotels in the immediate area (other than the 137 room hub by Premier Inn on Dacre Street, parallel to Tothill Street). The immediate area is a mix of offices, predominantly occupied by central government or government related users, and institutional buildings with a range of restaurants and retail facilities. The Tothill Street location is in close proximity to a number of major tourist attractions, including; Big Ben, Buckingham Palace, Westminster Abbey, Downing St, the Houses of Parliament etc.

About the 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 202 properties with a total value of £3.3 billion.
- The Fund invests in high quality UK real estate with long term leases (weighted average maturity of 33 years) with 85% of the income linked to inflation and the remainder having fixed uplifts.

About M&G

M&G is an international active asset manager, investing on behalf of individuals and institutions for over 80 years. At 30 September 2016 the firm manages over £266 billion of assets through a wide range of investment strategies across equities, fixed income, real estate and multi asset.

Headquartered in London, M&G employs over 1,900 people worldwide operating from offices across Europe and Asia.

M&G is the investment arm of Prudential Plc in the UK and Europe.

About M&G Real Estate

M&G Real Estate is the real estate fund management arm of M&G and is one of the top 25 real estate fund managers in the world by assets under management, with over £25 billion invested in a broad spread of properties across Europe, North America and the Asia Pacific region (as of 30 June 2016). M&G Real Estate has a sector-leading approach to responsible property investment, and is committed to assessing and improving the sustainability performance of funds under management.

About Whitbread Plc

Whitbread Plc, the UK'S largest hotel and restaurant company, is a FTSA 100 constituent with a market cap of c.£7bn. It is the market leader in the budget hotel and restaurants sector, operating the following brands: Premier Inn, Hub by Premier Inn, Beefeater, Brewers Fayre, Table Table, Taybarns, Thyme, Whitbread Inns and Costa Coffee. Whitbread employs over 45,000 people and serves 25 million customers every month.

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