

News Release

Schroders broadens client offering and accelerates growth of real estate division with acquisition of Algonquin

03 May 2018

Schroders today announces it has reached agreement to acquire Algonquin, a specialist pan-European hotels investment and management business with AUM of €1.8 billion. This includes Schroders acquiring various co-investments alongside Algonquin's existing clients.

The acquisition of Algonquin accelerates the growth of Schroders' real estate business and complements its existing capabilities and expertise. This acquisition is a significant step in the growth of our private assets and alternatives business which is of strategic importance to the Group and totals around £33 billion AUM*. This capability includes Securitised Credit, Private Equity, Infrastructure Finance, ILS and SME Lending alongside the Real Estate business which is the largest component with assets over £13 billion.

Founded in 1998, Algonquin began by investing in hotels with its own capital and directly managing them as early as 1998. The group currently manages assets across Europe, comprising more than 7,500 hotel rooms and representing €1.8 billion worth of assets. These hotels are primarily managed through Algonquin's own brands or internationally renowned franchises including Sheraton, Marriott, Hyatt, Radisson and Sofitel.

Duncan Owen, Global Head of Real Estate at Schroders, said:

"This acquisition complements the Schroder Real Estate existing focus in sectors including offices, retail, logistics, self-storage and large multiple use sites. Our strategy has been to concentrate on what we define as winning cities which benefit from key structural themes of urbanisation, changing demographics, technological innovation, the shifting demand from Asia economics and strong infrastructure.

Algonquin's track record will complement our strong investment performance with over 85% of our AUMs outperforming over the last 1, 3 and 5 years**. Their client base includes some of Europe's largest financial institutions and the quality and experience of its employees are some of the principal reasons why Schroders is acquiring the business."

Jean-Philippe Chomette, Founder of Algonquin, said:

"Becoming part of Schroders, a FTSE 100 global investment management business, provides Algonquin with access to new assets, a broadly based real estate team with 13 offices across 5 continents and an enhanced proposition for clients. Schroders' stable long-term ownership structure and heritage is aligned with Algonquin's investment philosophy."

Frederic de Brem, current CEO of Algonquin who is set to join Schroders as Head of Schroder Real Estate Hotels, added:

"The Schroders Real Estate team has an excellent track record in various sectors such as offices, retail, logistics, residential and self storage and we are delighted to be part of its expansion into the hotel sector. We believe it is a large market supported by strong fundamentals of growing occupational demand and a sector offering strong income growth for investors."

Financial terms of the transaction are not disclosed. The integration of the two businesses will begin immediately.

--Ends--

* as at 31 December 2017

** as at 31 December 2017, calculated across Schroders' entire real estate portfolio on an aggregated basis.

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Note to Editors

Schroder Real Estate

Schroders has managed real estate funds since 1971 and currently has £13.2/€14.9/US\$17.9bn of gross real estate assets under management as at 31 December 2017.

Most of the real estate funds referred to are unauthorised collective investment schemes as defined in the Financial Services and Markets Act 2000. Promotion of these funds is restricted and access to full information about these funds is only available to those exempt from the restriction.

For further information about Schroders' real estate business visit www.schroders.com/realestate

*Real Estate AUM includes holdings of Schroder Real Estate Capital Partners and Schroders Multi-asset Funds.

Schroders plc

As a global investment manager, we help institutions, intermediaries and individuals meet their goals, fulfil their ambitions, and prepare for the future. But as the world changes, so do our clients' needs. That's why we have a long history of adapting to suit the times and keeping our focus on what matters most to our clients.

Doing this takes experience and expertise. We bring together people and data to spot the trends that will shape the future. This provides a unique perspective which allows us to always invest with conviction. We are responsible for £447.0 billion (€503.6 billion/\$604.7 billion)* of assets for our clients who trust us to

deliver sustainable returns. We remain determined to build future prosperity for them, and for all of society. Today, we have 4,600 people across six continents who focus on doing just this.

We are a global business that's managed locally. This allows us to always keep our clients' needs at the heart of everything we do. For over 200 years and more than seven generations we've grown and developed our expertise in tandem with our clients' needs and interests.

Further information about Schroders can be found at www.schroders.com.

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*as at 31 December 2017

Algonquin Management Partners has developed a twofold expertise in the hotel asset management sector, as both equity investor and independent hotel operator. With 43 hotels and more than 7,500 rooms and AUM of €1,8bn, Algonquin is one of the leading companies in Europe for Hotel Investments and Hospitality Asset Management. With offices in Paris, London and Brussels and a team of recognized international hoteliers and specialists of the European hotel real estate, Algonquin accompanies its investment partners by directly participating in equity investments as well as overseeing all operational issues specific to this asset class.

Schroders was advised by d'Angelin & Co. (financial adviser), Allen & Overy (legal), PwC (finance and tax due diligence) and CBRE Hotels (Real Estate and specialist hotel advice). The vendors were advised by Rothschild (financial adviser) and Gide (legal).