

THE CARLYLE GROUP

MONTEFIORE
INVESTMENT



The Carlyle Group and Montefiore Investment announce they have entered into exclusive negotiations with PAI Partners for the sale of B&B Hotels

15 December 2015

Paris, France: Global alternative asset manager The Carlyle Group (NASDAQ: CG) and Montefiore Investment today announced that they have entered into exclusive negotiations with private equity firm PAI Partners for the acquisition by PAI of Groupe B&B Hotels alongside B&B's management team. The equity for the transaction would be provided by PAI Europe VI, PAI's latest €3.3bn fund.

Founded in Brittany, France in 1990, B&B operates a network chain of 343 budget hotels as of 30 September 2015 with a total of 28,503 rooms across France, Germany, Italy, Spain, Poland, Czech Republic and Morocco. B&B is at the "high-end" of the budget hotel segment, serving business and leisure travellers. PAI intends to continue investing in the growth of the B&B platform by accelerating the hotel opening pace across Europe and beyond.

The offer is subject to the consultation process of the relevant "Comités d'entreprise" (French employee works councils) and all parties will enter into the final negotiations on successful completion of this process.

Georges Sampeur from B&B Hotels, said: "We are exceptionally proud of B&B's achievements over the past 25 years and believe PAI's institutional support will facilitate our plans for expansion and further enhance the service we provide. Our success underscores the appeal of our concept. We look forward to working with PAI and are thankful to Carlyle and Montefiore for their support over the years."

Jonathan Zafrani, Managing Director, Carlyle Europe Partners, said: "B&B is typical of the Carlyle approach to investment whereby we support national champions as they grow their business operations internationally and into new markets. We are happy with the value we have created at B&B." Pierre-Olivier Desplanches, Director, Carlyle Europe Partners, added: "We are proud of having worked alongside Georges Sampeur and his teams to enable significant development of the B&B platform across Europe."

Eric Bismuth, CEO of Montefiore Investment, added: "The incredible expansion of B&B perfectly illustrates our 'Focus & Growth' strategy that combines growth and profitability for our portfolio companies. We are very proud of having supported the company over the last decade and brought our expertise to its talented management to transform B&B into a reference in the hotel industry in Europe."

Edward Chandler, Partner at PAI commented: "We are delighted to partner with Georges Sampeur, Fabrice Collet and their team to support the continued expansion and success of this exceptional

business. B&B has created one of the most valuable brands in the European hotel industry, and we look forward to expanding B&B's coverage of the European and international markets."

About B&B (as of 30 September 2015)

B&B was launched in Brittany, France in 1990 and is positioned at the "high end" of the budget hotel segment. Its innovative concept lies in offering high quality at a competitive price, to meet the needs of both business and leisure travellers. B&B operates (excluding franchises), 343 hotels as of 30 September 2015 with a total of 28,503 rooms across France, Germany, Italy, Spain, Poland, Czech Republic and Morocco. Since the Group's creation, quality has always been important in the development of hotels: choice of construction materials, equipment, furniture, policy of offering a real bathroom, sufficiently spacious family suites, generous all-you-can-eat breakfast buffets, access to latest technologies including free and unlimited WiFi access.

With 17,535 rooms and 234 hotels in France (including franchises), B&B Hotels is the third-largest budget hotel group in the country after Accor and Louvre Hôtels. In Germany, it is the second-largest budget hotel chain with 77 hotels.

About The Carlyle Group

About Carlyle

The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with \$188 billion of assets under management across 126 funds and 160 fund of funds vehicles as of September 30, 2015. Carlyle's purpose is to invest wisely and create value on behalf of its investors, many of whom are public pensions. Carlyle invests across four segments – Corporate Private Equity, Real Assets, Global Market Strategies and Investment Solutions – in Africa, Asia, Australia, Europe, the Middle East, North America and South America. Carlyle has expertise in various industries, including: aerospace, defense & government services, consumer & retail, energy, financial services, healthcare, industrial, real estate, technology & business services, telecommunications & media and transportation. The Carlyle Group employs more than 1,700+ people in 35 offices across six continents.

Capital for The Carlyle Group's investment in B&B came principally from Carlyle Europe Partners III, a European-focussed upper-mid market buyout fund that has announced a number of significant exits over the past 12 months, notably including Telecable, Altice, Axalta, Multi Packaging Solutions and RAC. CEP IV, the follow-on fund in the franchise, has already announced seven investments in European companies as of 14 December 2015.

Web: www.carlyle.com

Videos: http://www.carlyle.com/news-room/corporate-videos_new

Tweets: www.twitter.com/onecarlyle

Podcasts: www.carlyle.com/about-carlyle/market-commentary

About Carlyle Europe Partners

Carlyle Europe Partners seeks to invest in upper- and mid-size companies in Europe across a wide range of sectors and industries, accelerate their growth and support their efforts to expand internationally. The current fund is now the fourth in the CEP franchise. The fund is managed by a team of 39 investment professionals across five offices. Capital for this investment principally came from Carlyle Europe Partners III ("CEP III") that has announced a number of significant exits over the past 12 months, notably including RAC, Telecable, Altice, Axalta, Multi Packaging Solutions and RAC.

About Montefiore Investment

Founded in 2005, Montefiore Investment is the investment specialist in “locally supplied services” in France. Within 10 years, the firm has demonstrated its ability to transform the French PME into real European “champions”. Thanks to its strong sector expertise and financial know-how, Montefiore Investment successfully supports companies in their growth strategies. Based in Paris and managed by three partners, Eric BISMUTH, Daniel ELALOUF and Jean-Marc ESPALIOUX, Montefiore Investment currently manages around € 500 million of equity. Its investments include B&B Hotels, Homair Vacances, Avenir Santé, BVA or Lyovel. For additional information: www.montefiore.fr

About PAI Partners

PAI is a leading European private equity firm with offices in Paris, London, Luxembourg, Madrid, Milan, Munich and Stockholm. PAI manages €7.9 billion of dedicated buyout funds. Since 1994, PAI has completed 56 LBO transactions in 10 countries, representing €38 billion in transaction value. PAI is characterised by its industrial approach to ownership combined with its sector based organisation. PAI provides portfolio companies with the financial and strategic support required to pursue their development and enhance strategic value creation.

For further information about PAI: www.paipartners.com

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