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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

FOR IMMEDIATE RELEASE

21 May 2020

WHITBREAD PLC

ANNOUNCEMENT OF RIGHTS ISSUE

1 for 2 fully underwritten rights issue to raise gross proceeds of approximately £1,009 million

Further to the announcement of its results for the financial year ended 27 February 2020, Whitbread plc ("**Whitbread**" or the "**Company**", and together with its subsidiaries, the "**Group**"), a leading operator of hotels and restaurants, today announces that it proposes to raise gross proceeds of approximately £1,009 million by way of a rights issue (the "**Rights Issue**").

Highlights

- The purpose of the Rights Issue is to ensure that Whitbread emerges from the COVID-19 pandemic in the strongest possible position to take advantage of its long-term structural growth opportunities and win market share in both the United Kingdom and Germany.

- Whitbread entered the COVID-19 pandemic with a strong balance sheet and significant liquidity. Since the onset of the pandemic, Whitbread has taken decisive action to reduce cash outflows through a broad range of measures, including reducing discretionary costs, postponing non-committed development and non-essential maintenance capital expenditure and utilising the Coronavirus Job Retention Scheme to provide wage costs for furloughed employees. In addition, Whitbread has been confirmed as an eligible issuer under the CCFF, with an issuer limit of £600 million. The Group has also obtained waivers until 2 March 2022 of the existing financial covenants under its financing and pension arrangements, which have temporarily been replaced with debt and liquidity covenants.

- The actions Whitbread has taken have ensured its business can withstand a prolonged period of closures and/or low demand. However, given Whitbread's high fixed and semi-variable costs, its balance sheet will be impacted by material cash outflows during the period when its hotels and restaurants are closed or operating at low occupancy levels as a result of UK Government measures and/or social distancing.

- The Rights Issue to raise £980 million (net of expenses) is designed to provide the balance sheet strength necessary to support continued investment in Whitbread's strategy whilst its budget-branded and independent competitors are expected to be weakened by the COVID-19 pandemic. Whitbread believes the Rights Issue will:

  - Return its balance sheet to a position of strength that will give it a real competitive advantage.
  - Allow it to invest with confidence and flexibility in its strategy: opening its committed pipeline in the United Kingdom, accessing the significant opportunity in Germany and keeping its offering ahead of the competition.
  - Provide further liquidity headroom in the event of a resurgence of the COVID-19 pandemic.

- Whitbread's strategy is clear and straightforward: to use Whitbread's unique vertically-integrated business model to access the long-term structural growth opportunities in the United Kingdom and German hotel markets, investing in opening new hotels, strengthening the customer proposition and creating competitive advantage, in a market where the Group believes the decline of the significant independent hotel sector may accelerate in favour of budget-branded hotels as a result of the COVID-19 pandemic.

- The Board unanimously believes that the Rights Issue is necessary to, and will, put Whitbread in the best possible position to deliver this strategy and returns to shareholders over the long-term.

Background to and reasons for the Rights Issue

Whitbread's strategic priorities remain consistent with its plan to create sustainable shareholder value over the long-term, through disciplined execution in three key areas:

- Continuing to grow and innovate Premier Inn in its core UK market, by leveraging the competitive advantages of the Group's operating model and capitalising on the enhanced structural opportunities that are expected to exist post COVID-19

- Focusing on the Group's strengths to grow at scale internationally, by replicating its success in the United Kingdom in Germany

- Continuing to build the Group's capability and platform

The Rights Issue is intended, alongside the other actions the Group has already announced, to ensure that the Group emerges from the COVID-19 pandemic with a strong balance sheet and in the best possible position to deliver on its strategy. In particular, the Board believes the Rights Issue will better position the Group to be able to invest, as and when appropriate, avoiding constraints that might otherwise apply in the medium-term. That investment is expected to help the Group to unlock its long-term structural growth opportunities in the United Kingdom and Germany, where the Group has long-term network potential for more than 110,000 and 60,000 rooms, respectively, and to win market share, including from the significant but declining independent hotel sector, whose market position may be weakened as a result of the COVID-19 pandemic. The experience of earlier periods of economic difficulties, such as the 2008 financial crisis, demonstrates the importance of maintaining a strong balance sheet. The Group believes this will give it a competitive advantage when seeking opportunities to acquire new sites and when investing in the customer propositions required to succeed and that continued investment in sites and customer propositions will enable Whitbread to emerge in the best position possible from the COVID-19 pandemic.

The Group has taken proactive steps to mitigate, where possible, the negative financial and operational impacts of the COVID-19 pandemic. Consequently, capital expenditure will only be incurred by the Group for essential hotel maintenance, where there is a contractual obligation to do so and/or a site is significantly complete and to maintain core IT programmes and infrastructure.

In the first half of the financial year ending 25 February 2021, the Group expects approximately:

- £80 million of operational cash outflows per month during the period when its hotels and restaurants are closed or operating at low Occupancy;

- £70 million to £85 million of wage cost savings from the Coronavirus Job Retention Scheme;

- £100 million working capital cash outflows from refunding customer deposits; and

- £130 million of capital payments, principally for committed projects, including the refurbishment of hotels acquired as part of the acquisition of a company with 13 hotels (with an additional six hotels in the committed pipeline) in Germany from Foremost.

Given the opportunities to invest capital in the United Kingdom and Germany, the priority for Whitbread's capital structure is to provide financial flexibility. The Board believes that the optimum capital structure for the Group's medium and long-term success, is to maintain balance sheet leverage at a level that is broadly consistent with investment grade credit metrics. Financial strength is a source of competitive advantage to the Group, as it allows the business to take a long-term investment horizon. It also helps secure sites for new hotels on favourable terms, enables the Group to access funding to support investment, and ensures a strong counterparty covenant to lenders, landlords, suppliers and the Whitbread Group Pension Fund.

The Group retains significant liquidity with cash of approximately £300 million as at 15 May 2020 and access to the £950 million Revolving Credit Facility of which only £50 million is drawn as at the date of this document. The Board believes this will support its business through the COVID-19 pandemic, having agreed waivers of the existing financial covenants from the lenders under the Revolving Credit Facility, the holders of the 2011 US Notes and 2017 US Notes and the Trustee of the Whitbread Group Pension Fund until 2 March 2022. These covenants have temporarily been replaced with debt and liquidity covenants as it was likely that the Group would not have been in compliance with the existing financial covenants when they were otherwise next due to be tested on account of a diminished financial performance or position resulting from the COVID-19 pandemic. The Company has also secured access to the Bank of England's Covid Corporate Financing Facility, with an issuer limit of £600 million. Under the terms of the covenant waivers, the Group has agreed that no dividends will be paid on its Ordinary Shares until the later of 2 March 2022 and the date the Company is in compliance with the original financial covenants. Accordingly, the Board hopes to return to paying dividends again following the normalisation of the Group's financial position and performance.

As at 27 February 2020, the Group's Lease Adjusted Net Debt / FFO ratio was 2.6x; however, in light of the impact of the COVID-19 pandemic and associated government policy responses on the Group's business, it is likely that, absent the Rights Issue, the Group's lease adjusted leverage will be materially elevated for a few years. Such a position would have limited the Group's financial flexibility to continue pursuing its strategy through that period, which the Board does not believe would be in the best interests of the Group or its Shareholders.

The Rights Issue to raise £980 million (net of expenses) is designed to support bringing the Group's leverage broadly into line with investment grade credit metrics over the next few years as the business trading environment normalises. The Board believes that maintaining a strong balance sheet is critical to the long-term success of the Group and the delivery of its strategy.

Directors' Intentions

Each Director who is a Shareholder and is who is able to participate in the Rights Issue has confirmed his or her intention to take up in full or in part his or her entitlement to subscribe for New Ordinary Shares under the Rights Issue in respect of his or her respective holding of Existing Ordinary Shares.

Prospectus

A prospectus (the "**Prospectus**") setting out full details of the Rights Issue is expected to be published on Whitbread's website later today. The preceding summary should be read in conjunction with the full text of the following announcement, together with the Prospectus.

Unless the context otherwise requires, words and expressions defined in the Prospectus shall have the same meanings in this announcement.

Indicative summary timetable of principal events

Record Date for entitlements under the Rights Issue	19 May 2020
Provisional Allotment Letters personalised and despatched (to Qualifying Non-CREST Shareholders only)	22 May 2020
Existing Ordinary Shares marked "ex-rights" by the London Stock Exchange	**8:00 a.m. on 26 May 2020**
Admission of, and commencement of dealings in, Nil Paid Rights on the London Stock Exchange; start of subscription period	**8:00 a.m. on 26 May 2020**
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters	**11:00 a.m. on 9 June 2020**
Announcement of the results of the Rights Issue through a Regulatory Information Service	By 8:00 a.m. on 10 June 2020
Dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange	**8:00 a.m. on 10 June 2020**

The Rights Issue is fully underwritten by J.P. Morgan Cazenove and Morgan Stanley, both of which are acting as Joint Global Coordinators.

The Rights Issue is being conducted within the parameters of the authorities conferred upon the Company by Shareholders at its annual general meeting on 19 June 2019 and, as such, does not require the approval of Shareholders in a general meeting or otherwise.

The person responsible for making this announcement on behalf of Whitbread is Chris Vaughan, General Counsel.

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IMPORTANT NOTICES

This announcement has been issued by and is the sole responsibility of the Company. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may or should be placed by any person for any purpose whatsoever on the information contained in this announcement or on its accuracy or completeness. The information in this announcement is subject to change.

This announcement is not a prospectus but an advertisement. Neither this announcement nor anything contained in it shall form the basis of, or be relied upon in conjunction with, any offer or commitment whatsoever in any jurisdiction. Investors should not acquire any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares referred to in this announcement except on the basis of the information contained in the Prospectus to be published by the Company in connection with the Rights Issue.

A copy of the Prospectus will, following publication, be available from the registered office of the Company and on its website at www.whitbread.co.uk/investors/. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement. The Prospectus will provide further details of the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights being offered pursuant to the Rights Issue.

This announcement does not contain or constitute an offer for sale or the solicitation of an offer to purchase securities in the United States. The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States or other jurisdiction. There will be no public offer of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares in the United States. Subject to certain limited exceptions, Provisional Allotment Letters have not been, and will not be, sent to, and Nil Paid Rights have not been, and will not be, credited to the CREST account of, any Qualifying Shareholder with a registered address in or that is known to be located in the United States, or to holders of the Whitbread's American depositary shares. None of the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights or the Provisional Allotment Letters, this announcement or any other document connected with the Rights Issue has been or will be approved or disapproved by the United States Securities and Exchange Commission or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights, or the accuracy or adequacy of the Provisional Allotment Letters, this announcement or any other document connected with the Rights Issue. Any representation to the contrary is a criminal offence in the United States.

This announcement is for information purposes only and is not intended to and does not constitute or form part of any offer or invitation to purchase or subscribe for, or any solicitation to purchase or subscribe for, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares or to take up any entitlements to Nil Paid Rights in any jurisdiction. No offer or invitation to purchase or subscribe for, or any solicitation to purchase or subscribe for, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares or to take up any entitlements to Nil Paid Rights will be made in any jurisdiction in which such an offer or solicitation is unlawful. The information contained in this announcement is not for release, publication or distribution to persons in the United States, Australia, New Zealand, United Arab Emirates, Japan, Singapore, South Africa, and any other jurisdiction where the extension or availability of the Rights Issue (and any other transaction contemplated thereby) would breach any applicable law or regulation, and should not be distributed, forwarded to or transmitted in or into any jurisdiction, where to do so might constitute a violation of local securities laws or regulations.

The distribution of this announcement into jurisdictions other than the United Kingdom may be restricted by law, and, therefore, persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdiction. In particular, subject to certain exceptions, this announcement, the Prospectus (once published) and the Provisional Allotment Letters (once printed) should not be distributed, forwarded to or transmitted in or into the United States, Australia, New Zealand, United Arab Emirates, Japan, Singapore or South Africa. Recipients of this announcement and/or the Prospectus should conduct their own investigation, evaluation and analysis of the business, data and property described in this announcement and/or if and when published the Prospectus.

This announcement does not constitute a recommendation concerning any investor's options with respect to the Rights Issue. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. The contents of this announcement are not to be construed as legal, business, financial or tax advice. Each shareholder or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

NOTICE TO ALL INVESTORS

Morgan Stanley & Co. International plc ("**Morgan Stanley**") is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and Financial Conduct Authority. Morgan Stanley is acting exclusively for Whitbread plc in relation to the Rights Issue, will not regard any other person as a client in relation to the Rights Issue and will not be responsible to anyone other than Whitbread plc for providing the protections afforded to clients of Morgan Stanley nor for providing advice to any person in relation to the Rights Issue or any matters referred to in this announcement. J.P. Morgan Securities plc (which conducts its UK investment banking business as "**J.P. Morgan Cazenove**") is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and Financial Conduct Authority. J.P. Morgan Cazenove is acting for Whitbread plc and no other person in connection with the Rights Issue and will not be responsible to anyone other than Whitbread plc for providing the protections afforded to clients of J.P. Morgan Cazenove nor for providing advice to any person in relation to the Rights Issue or any matters referred to in this announcement. None of Morgan Stanley or J.P. Morgan Cazenove, nor any of their respective subsidiaries, branches or affiliates, nor any of their respective directors, officers or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Morgan Stanley or J.P. Morgan Cazenove in connection with the Rights Issue, this announcement, any statement contained herein, or otherwise.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Nil Paid Rights, the Fully Paid Rights and/or the New Ordinary Shares may decline and investors could lose all or part of their investment; the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Nil Paid Rights, the Fully Paid Rights and/or the New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Nil Paid Rights, the Fully Paid Rights and/or the New Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Nil Paid Rights, the Fully Paid Rights and/or the New Ordinary Shares and determining appropriate distribution channels.

FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements, including with respect to financial information, that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. In some cases, forward-looking statements use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could", "is confident", or other words of similar meaning.

No undue reliance should be placed on any such statements because they speak only as at the date of this announcement and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Company's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. No representation or warranty is made that any forward-looking statement will come to pass. You are advised to read the Prospectus when published and the information incorporated by reference therein in their entirety, and, in particular, the section of the Prospectus headed "Risk Factors", for a further discussion of the factors that could affect the Group's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements, including statements regarding prospective financial information, in this announcement may not occur. In addition, even if the Group's actual results of operations, financial condition and the development of the business sectors in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. These statements are not fact and should not be relied upon as being necessarily indicative of future results, and readers of this announcement are cautioned not to place undue reliance on the forward-looking statements, including those regarding prospective financial information.

No statement in this announcement is intended as a profit forecast, and no statement in this announcement should be interpreted to mean that underlying operating profit for the current or future financial years would necessarily be above a minimum level, or match or exceed the historical published operating profit or set a minimum level of operating profit.

Neither the Company nor any of Morgan Stanley or J.P. Morgan Cazenove are under any obligation to update or revise publicly any forward-looking statement contained within this announcement, whether as a result of new information, future events or otherwise, other than in accordance with their legal or regulatory obligations (including, for the avoidance of doubt, the Prospectus Regulation Rules, the Listing Rules and Disclosure Guidance and Transparency Rules).

WHITBREAD PLC

1 FOR 2 FULLY UNDERWRITTEN RIGHTS ISSUE TO RAISE GROSS PROCEEDS OF APPROXIMATELY £1,009 MILLION

1. Introduction to the Rights Issue

Whitbread announces today that it proposes to raise gross proceeds of approximately £1,009 million through a Rights Issue.

Pursuant to the Rights Issue, Whitbread is proposing to offer 1 New Ordinary Share to Qualifying Shareholders for every 2 Existing Ordinary Shares.

The Rights Issue Price of 1,500 pence per New Ordinary Share represents a discount of 37.4% to the theoretical ex-rights price of 2,395 pence per Existing Ordinary Share by reference to the closing price on 20 May 2020 (the last Business Day prior to the date of this announcement).

The Rights Issue is fully underwritten by J.P. Morgan Cazenove and Morgan Stanley. Section 10.1 (*Underwriting Agreement*) of Part XII (*Additional Information*) of the Prospectus explains the underwriting in further detail.

2. Background to the Rights Issue

2.1 Whitbread's strategy and strengths

(A) Strengths

A leading hotel operator with a track record of gaining market share

The Group is a leading operator of hotels and restaurants, with more than 800 hotels and more than 400 restaurants in the United Kingdom and Republic of Ireland as at 27 February 2020. As at the same date, it also operated six hotels in Germany and ten hotels in the Middle East. Most of the Group's hotels are branded Premier Inn. Premier Inn is consistently ranked and voted as the United Kingdom's favourite hotel according to YouGov, and has delivered best-in-class operational performance. It has also delivered strong financial performance over the ten financial years ended 27 February 2020, during which it grew from more than 41,000 rooms to more than 78,000 rooms in the United Kingdom. The Group is looking to replicate its success in the United Kingdom in other international markets and is currently focusing on Germany.

The Group's Occupancy and RevPAR in the United Kingdom have also grown, increasing from 69.3% and £37.99 to 76.3% and £46.91, respectively, over the ten financial years ended 27 February 2020. Over the same period, the Group's share of the United Kingdom hotel market increased from 6% to 11%. This demonstrates the Group's ability to grow its hotel network and market share, whilst also growing its Occupancy and RevPAR.

A focused and vertically-integrated international business

The Group's unique vertically-integrated business model, which combines the ownership of freehold and leasehold property, hotel and restaurant operations, its brands and inventory distribution, has enabled the Group to grow at a significantly faster pace than competitors and deliver a consistent, high-quality customer offering across its entire hotel network. This has, in turn, driven market-leading brand and customer scores and enabled Premier Inn to become the United Kingdom's favourite hotel brand according to the YouGov Hotel Brand Index. By operating the United Kingdom's largest hotel network and owning all aspects of hotel management operations, the Group is also able to drive economies of scale.

- Greater network scale

  The Group's vertically-integrated business model provides it with increased control of the network planning and property development aspects of its hotel operations. This means the Group can efficiently access locations where it sees opportunities to expand, which has enabled the Group to almost double its number of rooms in the United Kingdom since 2010 to become the United Kingdom's largest hotel network. The Group therefore has more hotels in locations where its customers want to stay. It is also able to drive economies of scale by cross-selling across its hotel network, leveraging operational scale to keep unit costs low and rationalising management overheads.

- Centralised and integrated distribution and pricing capabilities

  The Group sells its hotel rooms to customers principally through its direct distribution channels, which accounted for 97% of its accommodation revenue in the financial year ended 27 February 2020. This enables the Group to communicate directly with its customers and helps to deliver high Occupancy across a large and growing hotel network. It also ensures that the Group's gross RevPAR is almost the same as the net RevPAR achieved and that it can control its cost of sales, unlike independent hotels or competitor brands which generally pay high commission rates to third-parties, such as online travel agents. These low sales costs enable keener pricing for customers, supporting ongoing sales and network growth.

- Property – a flexible leasehold and freehold model

  Unlike the majority of other hotel operators, the Group owned the freehold or long-term leasehold of the properties where 61% of its hotel rooms in the United Kingdom were located as at 27 February 2020. The Group believes its willingness to be flexible with respect to freehold or leasehold acquisition ensures new sites are in the locations where the Group's customers want to stay and have an appropriate size and format. In addition, the Group believes freehold and long-term leasehold ownership provides a competitive advantage as it gives the Group control over the development and maintenance of hotels while also allowing the Group to capture development profits. The value of the Group's freehold and long-term leasehold properties is also important financially and provides the Group with good covenant strength, allowing it to secure more favourable lease and rental terms. Freehold and long-term leasehold ownership also reduces earnings volatility, as the Group's fixed lease cost remains low. This resilience helps the Group maintain the headroom needed to invest in its proposition even during a downturn in the hotel cycle, ensuring its customer offering remains consistent over time.

  The Group's estate is regularly reviewed for value-enhancing actions, either through the development and extension of existing properties, the rationalisation of properties in certain catchment areas or the realisation of value of fully mature sites through financing options, primarily through sale and leasebacks, and recycling capital for further investment.

- In-house food and beverage model

A hot food offering is a core feature of the Group's hotels and is provided at all Premier Inn properties. More than 90% of the pubs and restaurants at the Group's hotels are operated by the Group. A substantial proportion of the Group's customers have in the past indicated that they consider staying at Premier Inn hotels in the United Kingdom because of the Group's food and beverage offering. The Group believes this therefore adds to the brand's appeal and helps drive increased RevPAR.

- Superior, owned operations

  Owning all aspects of hotel management operations gives the Group greater control over the customer experience, resulting in a high-quality offering delivered on a consistent basis across its hotel network. The Group's operating model delivers best-in-class operational performance, as evidenced by high staff retention levels relative to the hospitality industry, as well as by the customer satisfaction scores the Group has historically achieved. It also gives the Group the flexibility to allocate its resources efficiently depending on demand.

Track record of growth, value creation and financial discipline

The Group has a strong track record of value creation, with the Group's revenue growing by 130% between the financial years ended 4 March 2010 and 1 March 2018 through its development of the Premier Inn and Costa brands, with Adjusted EBITDA growing by 137% over the same period. This growth was achieved with an asset base that expanded from £2,245 million in the financial year ended 4 March 2010 to £4,037 million in the financial year ended 1 March 2018. On 3 January 2019, the Group completed the disposal of Costa for £3.9 billion, generating a gain on sale of £3,390 million, and contributing to total Shareholder returns over the ten financial years ended 27 February 2020 of 261%.

The Group also has a strong track record of financial discipline, as evidenced by its prudent approach to all new capital projects, the approach taken on the sale of Costa and subsequent return of value to Shareholders, as well as its disciplined policy around balance sheet leverage.

(B) Strategy

The Board remains committed to Whitbread's strategy, which is focused on accessing the long-term structural growth opportunities in the United Kingdom and German budget-branded hotel markets and taking market share from the fragmented independent sector by:

- growing and innovating in the core market in the United Kingdom;

- focusing on the Group's strengths to grow internationally; and

- continuing to build the Group's capability and platform.

Growing and innovating in the core market in the United Kingdom

Although the hotel market in the United Kingdom is extremely challenging in the short-term in light of the ongoing COVID-19 pandemic, the Group expects to continue its strategy of expanding its hotel network in the United Kingdom and taking market share from the independent hotel sector in the medium-term. The Group's objective is to have more hotels in locations where its customers want to stay and further increase the benefits of the Group's network scale. The independent hotel sector still accounts for approximately half of the market in the United Kingdom as of September 2019, despite giving up market share to the branded budget hotel players over the past few years. The Group expects the COVID-19 pandemic to weaken the independent hotel sector, which may lead to a contraction in the supply of new hotel rooms, rebalance the supply and demand dynamic in the hotel market and provide additional opportunities for the Group to further expand its network.

The Group's customer strategy is based on continuously innovating and evolving the customer experience at its core Premier Inn hotels. Subject to a temporary suspension in light of the COVID-19 pandemic, the Group intends to continue its core refurbishment programmes to ensure it retains a high-quality, reliable stay experience across all of its hotels. This includes the Group's integrated ground floor offering, featuring open, integrated ground floor space for check-in, working, relaxing and dining, which is now the model for all new hotels being built by the Group. The Group is also enhancing the experience of business customers, including by developing new Premier Plus rooms, which aim to provide an even more comfortable stay at great value for money.

The Group also intends to continue its strategy of expanding its hotel concepts in the United Kingdom, including the "Hub by Premier Inn" concept, which provides a high-quality and affordable experience in inner-city locations and embeds technology throughout the customer journey, and the "ZIP by Premier Inn" concept, which provides quality, small and very simple rooms targeted at the extra-value seeking customer.

Focusing on the Group's strengths to grow internationally

The Group's international growth is currently focused on Germany, where it aims to leverage the strengths and capabilities of its business in the United Kingdom to create the number one budget hotel brand in the structurally-attractive German hotel market. As of February 2019, the German hotel market comprised approximately 992,000 hotel rooms, making it more than 30% larger than that of the United Kingdom. In addition, the German hotel market is more fragmented than in the United Kingdom, with independent hotels accounting for about 72% of supply as of September 2019.

The Group's rate of expansion in Germany materially accelerated in the last six months, culminating in the completion of the acquisition from Foremost on 28 February 2020 of a company with 13 open hotels (with an additional six hotels in the committed pipeline). The Group's open and committed pipeline in Germany now stands at almost 10,000 rooms across 52 hotels, with plans to grow the brand to over 24 open hotels in Germany by the end of the financial year ending 25 February 2021.

The pace of the Group's organic and acquisitive growth in Germany is expected to slow temporarily in response to the COVID-19 pandemic; however, given the scale and characteristics of the German hotel market, together with the performance of the Group's hotels in Germany to date, the Group remains focused on continuing its expansion in Germany in the medium-term.

Continuing to build the Group's capability and platform

The Group continues to leverage its scale to secure cost efficiencies, largely offsetting the structural cost pressures in the hotel market which disproportionately impact independent hotels. The Group believes that this focus on cost, along with the Group's property expertise, underpins the quality and competitive advantage of its hotels.

The Group has made significant investments in its digital, data and commercial capabilities over the last few years to drive sales growth and is continuing to enhance these capabilities. This includes investing in the Group's core trading and online systems, so that they better respond to changes in demand, in order to optimise Occupancy and RevPAR.

2.2 The impact of the COVID-19 pandemic and the Group's response

(A) Impact of the COVID-19 pandemic on the Group

The COVID-19 pandemic and associated government policy responses have had a very significant impact on the hospitality sector and on the Group's business.

The COVID-19 pandemic has resulted in the UK Government and other authorities relevant to the Group's operations, including those in Germany and the Middle East, implementing numerous measures in an attempt to contain the virus, such as travel bans and restrictions, curfews, quarantines, lock downs and the mandatory closure of certain businesses, including those operating in the hospitality industry. This has led to a very significant decrease in the demand for travel, hotel stays and dining and has also resulted in severe economic downturns in a number of countries.

In line with the UK Government's mandatory closure of all hotels and restaurants, other than those required to support essential workers and services combatting the pandemic, more than 95% of the Group's 821 hotels in the United Kingdom and Republic of Ireland have been closed from 24 March 2020 and all restaurants have been closed from 21 March 2020. Most of the Group's hotels in Germany closed in late March 2020 before opening again in early May, while its hotels in the Middle East remain open but with significantly reduced Occupancy.

These conditions have resulted in a very significant decline in the Group's revenues, profitability and cash flow since 27 February 2020, with revenues reducing to almost zero since late March 2020. Rates of cancellations for June and July, and current booking trends, indicate that trading conditions will continue to be extremely challenging.

These are exceptional circumstances and the Board expects social distancing restrictions to impact the Group's operations in the United Kingdom and in Germany for some time. UK Government guidelines published on 11 May 2020 indicate that businesses in the hospitality sector (such as food service providers, pubs and accommodation) will re-open as part of the third step of the UK Government's COVID-19 recovery strategy. At the time of publishing its guidance, the UK Government's assumptions were that this step will be reached no earlier than 4 July 2020. The Group is ready to open its businesses in the United Kingdom when the government advises; the Group's internal scenarios are planning for its hotels and restaurants in the United Kingdom to remain closed or operating at low Occupancy levels until September 2020. The majority of the Group's German hotels re-opened on 11 May 2020. Thereafter, the Group is prudently planning for a gradual recovery scenario through next year in which trading conditions begin to normalise, while allowing for the potential risk of further outbreaks of COVID-19 later in the year as restrictions are relaxed. The Group is well-placed for re-opening its businesses as it is already successfully operating a number of hotels in the United Kingdom and Germany under strict social distancing measures with enhanced hygiene and safety standards. The Group's operating model gives management full operational control and ensures high and consistent operational standards, which the Group believes will be an even more important consideration for consumers going forward, and positions the Group well compared to smaller, independent operators and franchised chains that do not have this level of operational control.

Given the considerable uncertainty regarding the duration, extent and ultimate impact of the COVID-19 pandemic, the Group cannot estimate with any precision the impact on its prospective financial performance. The COVID-19 pandemic is expected to result in a very material loss of revenue for the financial year ending 25 February 2021 and, despite the actions the Group is taking, this is likely, given the Group's high fixed and semi-variable costs, to have a material impact on earnings which may result in the Group not making any profit during the financial year ending 25 February 2021, with the clear possibility that it is materially loss-making during that period. As the Company previously announced, a 1% fall in the Group's RevPAR equates to a £12 million to £15 million adverse impact on its earnings. This increases to approximately £18 million when taking into account the higher proportion of fixed costs at lower revenue levels and the impact of the closure of the Group's restaurants. The various government support initiatives for businesses in the United Kingdom and Germany announced during March 2020 are expected to partially mitigate the impact of the pandemic on the Group, in particular the UK Government's relief on business rates in the 2020-2021 tax year and the Coronavirus Job Retention Scheme.

(B) The Group's response to the COVID-19 pandemic

The Group has taken decisive action, focusing on factors within its control with the aim of navigating the COVID-19 pandemic as safely as possible and positioning its business as well as possible for a future normalisation. The Group has taken proactive steps to mitigate, where possible, the negative financial and operational impacts of the COVID-19 pandemic, including:

- obtaining a waiver of its existing financial covenants until 2 March 2022 under the Group's financing and pension arrangements, which have temporarily been replaced with debt and liquidity covenants;

- cancelling all discretionary expenditure, including room refurbishment plans, marketing, non-essential training and staff recruitment;

- placing a significant number of employees on a temporary furlough;

- reducing repairs and maintenance Capital Expenditure to the minimum level required to comply with legal or health and safety requirements;

- postponing the majority of non-committed development Capital Expenditure, including refurbishments, extensions, freehold builds and acquisitions;

- deciding not to recommend a final dividend for the financial year ended 27 February 2020; and

- temporarily reducing pay for the Board and senior management.

Consequently, Capital Expenditure will only be incurred by the Group for essential hotel maintenance, where there is a contractual obligation to do so and/or a site is significantly complete and to maintain core IT programmes and infrastructure. In the financial year ending 25 February 2021, the Group therefore expects its development Capital Expenditure to be approximately £180 million, with repair and maintenance Capital Expenditure expected to be approximately £70 million.

Alongside the action taken by Whitbread, various government support initiatives for businesses in the United Kingdom and Germany announced during March 2020 are expected to further mitigate the impact of the pandemic on the Group. In particular:

- the relief on business rates in the 2020-2021 tax year is estimated to save the Group approximately £120 million; and

- the Coronavirus Job Retention Scheme that currently operates until the end of July 2020 is providing 80% of the wage costs for furloughed employees up to £2,500 per month, which is estimated to cover approximately £70 million to £85 million of the Group's wage costs in the first half of the financial year ending 25 February 2021. The UK Government recently announced an extension of the Coronavirus Job Retention Scheme until October 2020, but the terms of the scheme may be amended from the end of July 2020.

In the first half of the financial year ending 25 February 2021, the Group expects approximately:

- £80 million of operational cash outflows per month during the period when its hotels and restaurants are closed or operating at low Occupancy;

- £70 million to £85 million of wage cost savings from the Coronavirus Job Retention Scheme;

- £100 million working capital cash outflows from refunding customer deposits; and

- £130 million of capital payments, principally for committed projects, including the refurbishment of hotels acquired as part of the acquisition of a company with 13 hotels (with an additional six hotels in the committed pipeline) in Germany from Foremost.

The Group entered the current financial year with a Lease Adjusted Net Debt / FFO ratio of 2.6x, with Adjusted Net Debt of £332.9 million as at 27 February 2020. The Group retains significant liquidity with cash of approximately £300 million as at 15 May 2020 and access to the £950 million Revolving Credit Facility of which only £50 million is drawn as at the date of this document.

Given the impact that a diminished financial performance or position resulting from the COVID-19 pandemic would have on future financial covenants tests pursuant to the Revolving Credit Facility and the 2011 US Notes and 2017 US Notes (in particular, those tested by reference to the Group's financial position and performance as at August 2020 and/or February 2021) the Group has negotiated an 18-month waiver of the existing financial covenants for both the Revolving Credit Facility and the 2011 US Notes and 2017 US Notes, which have temporarily been replaced with debt and liquidity covenants. The arrangements between the Group and the Trustee of the Whitbread Group Pension Fund contain the same leverage financial covenant, in respect of which the Company has also negotiated an 18-month waiver on similar terms. For further details on these covenant waivers, see section 10 (*Material Contracts*) of Part XII (*Additional Information*) of the Prospectus.

2.3 Ensuring a strong balance sheet to support the Group's strategy and investment plans

The Rights Issue is intended, alongside the other actions the Group has already announced, to ensure that the Group emerges from the COVID-19 pandemic with a strong balance sheet and in the best possible position to deliver on its strategy. In particular, the Board believes the Rights Issue will better position the Group to be able to invest, as and when appropriate, avoiding constraints that might otherwise apply in the medium-term. That investment is expected to help the Group to unlock its long-term structural growth opportunities in the United Kingdom and Germany and to win market share, including from the significant but declining independent hotel sector, whose market position may be weakened as a result of the COVID-19 pandemic. The experience of earlier periods of economic difficulties, such as the 2008 financial crisis, demonstrates the importance of maintaining a strong balance sheet. The Group believes this will give it a competitive advantage when seeking opportunities to acquire new sites and when investing in the customer propositions required to succeed and that continued investment in sites and customer propositions will enable Whitbread to emerge in the best position possible from the COVID-19 pandemic.

The Group's investments initiatives include:

- adding new rooms in the United Kingdom through the opening of new hotels and extensions to existing hotels. Given the size of the market and level of fragmentation, Whitbread sees potential for 110,000 rooms in the United Kingdom The Group believes that its competitive position in the United Kingdom may be strengthened as the impact of the pandemic further weakens the financial position of its budget-branded and independent competitors;

- continuing to replicate the success of Premier Inn in the United Kingdom in the structurally attractive German hotel market. The German hotel market is more than 30% larger than that in the United Kingdom as at February 2019, with independent hotels accounting for about 72% of the supply as of September 2019. Whitbread is targeting accelerated expansion of its German network to more than 60,000 rooms over the longer-term through organic investment in freehold and leasehold properties, combined with further acquisitions. Whitbread is confident that, based on the operating performance of the early hotels, their current progress to maturity and the performance of recently acquired hotels, the German market offers the opportunity to create a leading budget hotel chain in one of Europe's major economies; and

- improving the quality of the Group's estate and customer experience through refurbishments, room upgrades (e.g. Premier Plus rooms), integrated ground floor concepts and customer product innovation (e.g. new Premier Inn bed), as well as digital and technological improvements to enhance the customer experience, distribution capabilities and support Like-for-like Sales growth.

Capital Expenditure totalled £587.7 million in the financial year ended 27 February 2020, including the completion of the Foremost acquisition as well as £153.5 million of maintenance and product improvement Capital Expenditure, to deliver consistent, high quality rooms across the Group's estate of hotels in the United Kingdom which is a key driver of repeat direct business and like-for-like performance. Total development Capital Expenditure was £434.1 million in the financial year ended 27 February 2020, which has been predominately invested on expanding the United Kingdom and German networks. The Group has achieved good returns on recent investments in the United Kingdom, with the additional investments made in Germany resulting in the opening of four additional sites in the financial year ended 27 February 2020 which, until the COVID-19 pandemic, were performing well.

Being well-positioned to continue to invest, as and when appropriate, is particularly important in light of the Group's recent actions to reduce cash outflows in the near-term, including the cancellation of discretionary and uncommitted maintenance and improvement and growth capital expenditure. Furthermore, the potential for the Group's budget-branded and independent competitors to be weakened by the COVID-19 pandemic may result in opportunities for the Group to invest.

Given the opportunities to invest capital in the United Kingdom and internationally, the priority for Whitbread's capital structure is to provide financial flexibility.

The Board believes that the optimum capital structure for the Group's medium- and long-term success is to maintain a Lease Adjusted Net Debt / FFO of 3.5x or below, that is broadly consistent with investment grade credit metrics. The Board believes it is important to take lease obligations into account alongside debt in deciding on the appropriate capital structure for the Group as the carrying value of the Group's property lease liabilities under IFRS 16 amounted to £2,618.8 million as at 27 February 2020 with an average remaining lease length of 20 years. Financial strength is a source of competitive advantage to the Group as it allows the business to take a long-term investment horizon. It also helps secure sites for new hotels on favourable terms, enables the Group to access funding to support investment, and ensures a strong counterparty covenant to suppliers, landlords and the Whitbread Group Pension Fund.

While the COVID-19 pandemic means the short-term outlook remains uncertain, the Group is a long-term focused business. The Board unanimously believes that the Rights Issue is necessary to, and will, alongside the other actions the Group has already announced, ensure that the Group emerges from the COVID-19 pandemic with a strong balance sheet and in the best possible position to deliver on its strategy. Optimising the balance sheet in this way is expected to maintain and potentially improve the Group's competitive strengths and will better position Whitbread to be able to invest, as and when appropriate, avoiding constraints that might otherwise apply in the medium-term.

3. Use of Proceeds

The Rights Issue to raise £980 million (net of expenses) is designed to support the delivery of the Group's strategy, as well as to bring the Group's leverage broadly in line with investment grade credit metrics within a few years as the business trading environment normalises.

The funds raised in the Rights Issue are intended to be initially kept on deposit pending use for investment, when appropriate, to deliver the Group's strategy to access the attractive long-term structural growth opportunities in the United Kingdom and German budget-branded hotel markets.

4. Current trading and outlook

The Group's current trading and outlook are essentially defined by the COVID-19 pandemic and associated government policy responses.

The COVID-19 pandemic has resulted in the UK Government and other authorities relevant to the Group's operations, including those in Germany and the Middle East, implementing numerous measures in an attempt to contain the virus, such as travel bans and restrictions, curfews, quarantines, lock downs and the mandatory closure of certain businesses, including those operating in the hospitality industry. This has led to a very significant decrease in the demand for travel, hotel stays and dining and has also resulted in severe economic downturns in a number of countries. As an owner and operator of hotels and restaurants in the United Kingdom, Republic of Ireland, Germany and the Middle East, the Group is dependent upon its customers travelling for business and leisure and choosing to stay in its hotels and eat in its restaurants. The COVID-19 pandemic and associated government measures have therefore had a very significant negative effect on the Group's business.

In line with the UK Government's mandatory closure of all hotels and restaurants, other than those required to support essential workers and services combatting the pandemic, more than 95% of the Group's 821 hotels in the United Kingdom and Republic of Ireland have been closed from 24 March 2020 and all restaurants have been closed from 21 March 2020. Most of the Group's hotels in Germany closed in late March 2020 before opening again in early May, while its hotels in the Middle East remain open but with significantly reduced Occupancy. These conditions have resulted in a very significant decline in the Group's revenues, profitability and cash flow since 27 February 2020, with revenues reducing to almost zero since late March 2020. Rates of cancellations for June and July, and current booking trends, indicate that trading conditions will continue to be extremely challenging.

The Group is ready to open its businesses in the United Kingdom when the government advises; the Group's internal scenarios are planning for its hotels and restaurants in the United Kingdom to remain closed or operating at low Occupancy levels until September 2020. The majority of the Group's German hotels re-opened on 11 May 2020. Thereafter, the Group is prudently planning for a gradual recovery scenario through next year in which trading conditions begin to normalise, while allowing for the potential risk of further outbreaks of COVID-19 later in the year as restrictions are relaxed.

The COVID-19 pandemic is expected to result in a very material loss of revenue for the financial year ending 25 February 2021 and, despite the actions the Group is taking, this is likely, given the Group's high fixed and semi-variable costs, to have a material impact on earnings which may result in the Group not making any profit during the financial year ending 25 February 2021, with the clear possibility that it is materially loss-making during that period. As the Company previously announced, a 1% fall in the Group's RevPAR equates to a £12 million to £15 million adverse impact on its earnings. This increases to approximately £18 million when taking into account the higher proportion of fixed costs at lower revenue levels and the impact of the closure of the Group's restaurants.

The Group has taken proactive steps to mitigate, where possible, the negative financial and operational impacts of the COVID-19 pandemic. Consequently, Capital Expenditure will only be incurred by the Group for essential hotel maintenance, where there is a contractual obligation to do so and/or a site is significantly complete and to maintain core IT programmes and infrastructure. In the financial year ending 25 February 2021, the Group therefore expects its development Capital Expenditure to be approximately £180 million, with repair and maintenance Capital Expenditure expected to be approximately £70 million.

Alongside the action taken by Whitbread, various government support initiatives for businesses in the United Kingdom and Germany announced during March 2020 are expected to further mitigate the impact of the pandemic on the Group. In particular:

- the relief on business rates in the 2020-2021 tax year is estimated to save the Group approximately £120 million; and

- the Coronavirus Job Retention Scheme that currently operates until the end of July 2020 is providing 80% of the wage costs for furloughed employees up to £2,500 per month, which is estimated to cover approximately £70 million to £85 million of the Group's wage costs in the first half of the financial year ending 25 February 2021. The UK Government recently announced an extension of the Coronavirus Job Retention Scheme until October 2020, but the terms of the scheme may be amended from the end of July 2020.

In the first half of the financial year ending 25 February 2021, the Group expects approximately:

- £80 million of operational cash outflows per month during the period when its hotels and restaurants are closed or operating at low Occupancy;

- £70 million to £85 million of wage cost savings from the Coronavirus Job Retention Scheme;

- £100 million working capital cash outflows from refunding customer deposits; and

- £130 million of capital payments, principally for committed projects, including the refurbishment of hotels acquired as part of the acquisition of a company with 13 hotels (with an additional six hotels in the committed pipeline) in Germany from Foremost.

5. Risk factors and further information

Shareholders should consider fully and carefully the risk factors associated with Whitbread, as set out in the Prospectus.

Shareholders should read the whole of the Prospectus and not rely solely on the information set out in this announcement.

6. Dividends and Dividend Policy

As announced by the Company on 24 March 2020, in view of the impact of the COVID-19 pandemic, the Board has decided not to recommend a final dividend for the financial year ended 27 February 2020. Given the considerable uncertainty regarding the duration, extent and ultimate impact of the COVID-19 pandemic, it is not possible to predict when the Company will once again be able to pay a dividend to Shareholders. Under the terms of the covenant waivers granted by its lenders and the Trustee, the Group has also agreed that no dividends will be paid on its Ordinary Shares until the later of 2 March 2022 and the date the Company is in compliance with the original financial covenants. Accordingly, the Board hopes to return to paying dividends again following the normalisation of the Grou's financial position and performance.

7. Principal terms and conditions of the Rights Issue

7.1 Overview

Whitbread proposes to raise gross proceeds of approximately £1,009 million (approximately £980 million after deduction of estimated commissions, fees and expenses) by way of the Rights Issue.

The Board has considered various alternative methods of optimising the Group's capital structure, including bond and convertible bond issues, sale and leaseback transactions and secured asset-backed lending. All of these alternatives would increase the amount of debt or fixed lease liabilities on the Group's balance sheet, which the Board does not view as appropriate at a time when its earnings have reduced substantially and may continue to be subdued for some time. Accordingly, the Board concluded that the most appropriate course was to raise equity.

A key consideration has been quantum. In addition to providing the ability to invest with confidence and flexibility in the Group's strategy, the Board considered a number of different scenarios and assumptions and the impact these might have on the Group's financial position in deciding on the appropriate quantum. These included the length of the current lockdown, the impact of ongoing social distancing measures, the strength of any possible recovery and the likelihood of any further waves of lockdown. Taking these into consideration, the Board believes that a Rights Issue to raise gross proceeds of £1,009 million provides the Group with the optimum capital structure to deliver its strategy.

The Board focused on raising capital in a way that gives Shareholders generally the opportunity to participate and avoids their holding being diluted involuntarily. In addition, only a rights issue structure enables Shareholders who do not wish to put new money into the Company (and whose holdings will therefore be diluted) to realise value through the sale of their right to subscribe for New Ordinary Shares. Full details on Shareholders' choices in relation to the Rights Issue are set out in more detail in the Prospectus.

(A) Pricing

The Rights Issue Price represents a 47.2% discount to the closing price of 2,843 pence on 20 May 2020.

The Rights Issue Price has been set, following discussions with major Shareholders, at the level which the Board considers necessary to ensure the success of the Rights Issue, taking into account the aggregate proceeds to be raised. The Board believes that the Rights Issue Price, and the discount which it represents, is appropriate.

(B) Dilution

The Rights Issue will result in 67,277,416 New Ordinary Shares being issued and the number of Ordinary Shares being increased from a total of 134,554,833 Ordinary Shares (excluding treasury shares) to a total of 201,832,249 Ordinary Shares (excluding treasury shares), representing an increase of 50.0%.

If a Qualifying Shareholder does not (or is not permitted to) take up any New Ordinary Shares under the Rights Issue, such Qualifying Shareholder's shareholding in Whitbread will be diluted by 33.3% as a result of the Rights Issue (assuming no Ordinary Shares are issued due to the vesting or exercise of any awards under the Share Plans between the Latest Practicable Date and the completion of the Rights Issue).

7.2 Key terms

On and subject to, among other things, the terms and conditions described in Part VII (*Terms and Conditions of the Rights Issue*) of the Prospectus, 67,277,416 New Ordinary Shares will be offered by way of rights at the Rights Issue Price of 1,500 pence per New Ordinary Share to Qualifying Shareholders on the basis of:

1 New Ordinary Share for every 2 Existing Ordinary Shares

held and registered in their name on the Record Date (and so in proportion for the number of Existing Ordinary Shares then held).

Entitlements to New Ordinary Shares under the Rights Issue will be rounded down to the nearest whole number and fractions of New Ordinary Shares will not be provisionally allotted to Qualifying Shareholders. Such fractions will be aggregated and, if possible, placed and sold in the market for the benefit of Whitbread. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

The Rights Issue is fully underwritten by the Underwriters on the terms and conditions of the Underwriting Agreement, details of which are set out in section 10.1 (*Underwriting Agreement*) of Part XII (*Additional Information*) of the Prospectus.

The Rights Issue is conditional upon (among other things): (i) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission of Nil Paid Rights); and (ii) Admission of Nil Paid Rights becoming effective by not later than 8.00 a.m. on 26 May 2020 (or such later date as Whitbread and the Underwriters may agree).

Application has been made to the FCA for the New Ordinary Shares (nil and fully paid) to be admitted to listing on the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on its main market for listed securities. It is expected that Admission of Nil Paid Rights will become effective, and that dealings in the New Ordinary Shares, nil paid, on the London Stock Exchange's main market for listed securities will commence, at 8.00 a.m. on 26 May 2020. It is also expected that Admission of the New Ordinary Shares (fully paid) will become effective, and dealings in New Ordinary Shares, fully paid, on the London Stock Exchange's main market for listed securities will commence, at 8.00 a.m. on 10 June 2020.

The New Ordinary Shares will, when issued and fully paid, rank pari passu in all respects with, and will carry the same voting and dividend rights as, the Existing Ordinary Shares.

Further details of the terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in Part VI (*Terms and Conditions of the Rights Issue*) of the Prospectus and, where relevant, the Provisional Allotment Letter.

Overseas Shareholders, including Shareholders resident in the United States, as well as holders of ADSs, should refer to section 7 (*Overseas Shareholders*) of Part VII (*Terms and Conditions of the Rights Issue*) of the Prospectus for further information regarding their ability to participate in the Rights Issue. New Ordinary Shares will be provisionally allotted (nil paid) to all Qualifying Shareholders, including all Overseas Shareholders. However, Provisional Allotment Letters will not be sent to, and Nil Paid Rights will not be credited to CREST accounts of, Excluded Shareholders (except, however, where the Company and the Underwriters are satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirement in such jurisdiction) and their entitlements to New Ordinary Shares will be treated as entitlements not taken up in accordance with the procedures set out in section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST)*) of Part VII (*Terms and Conditions of the Rights Issue*) of the Prospectus.