THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document comprises a simplified prospectus for the purposes of Article 14 of Regulation (EU) 2017/1129, as amended, relating to Whitbread plc (the "**Company**" or "**Whitbread**") and has been approved by the Financial Conduct Authority of the United Kingdom ("**FCA**"), as competent authority under Regulation (EU) 2017/1129, in accordance with section 87A of FSMA, and prepared and made available to the public in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of FSMA (the "**Prospectus Regulation Rules**"). The FCA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 and such approval should not be considered as an endorsement of the issuer that is the subject of this prospectus or of the quality of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights that are the subject matter of this prospectus. Investors should make their own assessment as to the suitability of investing in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights. The prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129.

If you sell or transfer, or have sold or otherwise transferred, all of your Existing Ordinary Shares (other than ex-rights) held in certificated form before 8.00 a.m. on 26 May 2020 (being the "**Ex-Rights Date**"), please send this document, together with the Provisional Allotment Letter (if applicable and when received), as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer will be or was effected for onward delivery to the transferee, except that such documents should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of registration or of other local securities laws or regulations including, but not limited to, Australia, New Zealand, United Arab Emirates, Japan, Singapore, South Africa, the United States 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 (the "**Excluded Territories**"). If you sell or transfer, or have sold or otherwise transferred, all or some of your Existing Ordinary Shares (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear UK & Ireland Limited, the operator of CREST, ("**Euroclear UK**") which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee. If you sell or transfer, or have sold or otherwise transferred, only part of your holding of Existing Ordinary Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, you should refer to the instruction regarding split applications in Part VII (*Terms and Conditions of the Rights Issue*) of this document and in the Provisional Allotment Letter.

The directors of the Company, whose names appear on page 45 of this document (the "**Directors**"), and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

The distribution of this document, any other offering or publicity material relating to the Rights Issue and/or any Provisional Allotment Letter and/or the transfer of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights into jurisdictions other than the United Kingdom may be restricted by law or regulation, and therefore persons into whose possession this document and/or accompanying documents come should inform themselves about and observe any such restrictions. In particular, subject to certain exceptions, such documents should not be distributed in, forwarded to or transmitted in or into any of the Excluded Territories. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. The transfer of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights may also be so restricted by law or regulation.

WHITBREAD

WHITBREAD PLC

(*incorporated in England and Wales under the Companies Act 2006 with registered number 04120344*)

Proposed 1 for 2 Rights Issue of 67,277,416 New Ordinary Shares at 1,500 pence per New Ordinary Share

Joint Sponsors, Joint Global Co-ordinators and Joint Bookrunners

J.P. Morgan Cazenove **Morgan Stanley**

The Existing Ordinary Shares have been admitted to the premium listing segment of the official list maintained by the FCA pursuant to FSMA (the "**Official List**") and to trading on the main market for listed securities of the London Stock Exchange. Application will be made to the FCA for the New Ordinary Shares (nil and fully paid up) to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities ("**Admission**"). It is expected that admission of the Nil Paid Rights on the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange ("**Admission of Nil Paid Rights**") will become effective, and 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 and that dealings in the 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.

Your attention is drawn to the letter from the Chairman of Whitbread, which is set out in Part V (*Letter from the Chairman of Whitbread*) of this document. You should read the whole of this document, including the information incorporated by reference into this document and any accompanying document. Shareholders and any other persons contemplating a purchase of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights should review the Risk Factors set out on pages 10 to 37 of this document for a discussion of certain risks and uncertainties that should be considered when deciding on what action to take in relation to the Rights Issue or deciding whether or not to subscribe for or purchase the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights. In making an investment decision, each investor must carry out their own examination, analysis and enquiry of Whitbread and the terms of the Rights Issue, including the merits and risks involved.

It is expected that Qualifying Non-CREST Shareholders (other than Excluded Shareholders) will be sent Provisional Allotment Letters on 22 May 2020, and that Qualifying CREST Shareholders (other than Excluded Shareholders) will receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled on 26 May 2020. The Nil Paid Rights so credited are expected to be enabled for settlement by Euroclear UK as soon as practicable after the Admission of Nil Paid Rights.

Each of Morgan Stanley & Co. International plc ("**Morgan Stanley**") and J.P. Morgan Securities plc (which conducts its United Kingdom investment banking activities under the marketing name J.P. Morgan Cazenove) ("**J.P. Morgan Cazenove**", together with Morgan Stanley, the "**Underwriters**") is authorised in the United Kingdom by the Prudential Regulation Authority ("**PRA**") and regulated in the United Kingdom by the FCA and the PRA. The Underwriters are acting exclusively for Whitbread and are acting for no one else in connection with the Rights Issue and 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 for providing the protections afforded to their respective clients, nor for providing advice in connection with the Rights Issue or any other matter, transaction or arrangement referred to in this document.

The Underwriters have given and not withdrawn their consent to the issue of this document with the inclusion of the references to their respective names in the form and context in which they are included.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Underwriters, nor any of their respective affiliates, directors, officers, employees or advisers, accepts any responsibility or liability whatsoever for, or makes any representation or warranty, express or implied, as to contents of this document, including its accuracy, completeness or verification, or regarding the legality of any investment in the New Ordinary Shares, the Nil Paid Rights or the Full Paid Rights by any person under the laws applicable to such person, or for any other statement made or purported to be made by the Company or on the Company's behalf, or by Morgan Stanley and/or J.P. Morgan Cazenove, or on behalf of Morgan Stanley and/or J.P. Morgan Cazenove in connection with Whitbread, the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights or the Rights Issue, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past, present or future. To the fullest extent permitted by law, the Underwriters and their respective affiliates, directors, officers, employees and advisers accordingly disclaim all and any duty, liability or responsibility whatsoever (whether direct or indirect and whether arising in contract, in tort, under statute or otherwise) which they might otherwise have in respect of this document or any such statement.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue.

The Rights Issue has been fully underwritten by the Underwriters in accordance with the terms and subject to the conditions of the Underwriting Agreement. The Underwriters' obligations under the Underwriting Agreement are conditional upon certain matters being satisfied or not breached prior to Admission of Nil Paid Rights. If these conditions are not satisfied or (where permitted) waived by Admission of Nil Paid Rights, the Underwriting Agreement will terminate. After Admission of Nil Paid Rights, neither Underwriter has the right to unilaterally terminate the Underwriting Agreement.

In connection with the Rights Issue, the Underwriters and any of their respective affiliates may, in accordance with applicable legal and regulatory provisions, take up a portion of the New Ordinary

Shares, the Nil Paid Rights and the Fully Paid Rights as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own account in the securities of the Company and related or other securities and instruments (including New Ordinary Shares, Nil Paid Rights and Fully Paid Rights) and may offer or sell such securities other than in connection with the Rights Issue. Accordingly, references in this document to New Ordinary Shares, Nil Paid Rights and Fully Paid Rights being offered should be read as including any offering of New Ordinary Shares, Nil Paid Rights and Fully Paid Rights to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including margin loans) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of New Ordinary Shares, Nil Paid Rights and Fully Paid Rights. Except as required by applicable law or regulation, the Underwriters do not propose to make any public disclosure in relation to such transactions.

The latest time and date for acceptance and payment in full for the New Ordinary Shares by holders of Nil Paid Rights is expected to be 11.00 a.m. on 9 June 2020. The procedures for delivery, acceptance and payment of Nil Paid Rights are set out in Part VII (*Terms and Conditions of the Rights Issue*) of this document and, for Qualifying Non-CREST Shareholders only, also in the Provisional Allotment Letter. Qualifying CREST Shareholders should refer to section 4 (*Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights or Fully Paid Rights in CREST*) of Part VII (*Terms and Conditions of the Rights Issue*) of this document.

NOTICE TO OVERSEAS SHAREHOLDERS

This document does not constitute an offer of, or a solicitation to subscribe for or purchase, any securities in any jurisdiction in which such offer or solicitation is unlawful or to any person to whom it is unlawful to make such offer or solicitation. The Provisional Allotment Letters, the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights have not been and will not be registered or qualified for distribution to the public under the relevant laws of any state, province or territory of the United States or any other Excluded Territory and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States or any other Excluded Territory or in any other jurisdictions where the extension and availability of the Rights Issue would breach any applicable law, except pursuant to an applicable exemption.

The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged, taken up, resold, 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 US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States or other jurisdiction. The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights offered outside the United States are being offered in reliance on Regulation S under the US Securities Act. There will be no public offer of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights in the United States and holders of ADSs will not be permitted to receive Provisional Allotment Letters, exercise their Nil Paid Rights or Fully Paid Rights or subscribe for New Ordinary Shares. Any entitlement under the Rights Issue in respect of the Ordinary Shares represented by ADSs will be governed by the terms of the Deposit Agreement and, as such, it is expected that they will, to the extent practicable, be sold by the Depositary, being Deutsche Bank Trust Company Americas, and the proceeds, if any, of that sale would be distributed to holders of ADSs. Distribution of such proceeds would be net of any distribution fees payable to the Depositary and other charges or expenses incurred by the Depositary, taxes and any other governmental charge.

Whitbread, Morgan Stanley and J.P. Morgan Cazenove do not make any representation to any offeree, subscriber or acquirer of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights regarding the legality of an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights by such offeree, subscriber or acquirer under the laws applicable to such offeree, subscriber or acquirer. Each investor should consult with his or its own advisers as to the legal, tax, business, financial and related aspects of an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights.

The Provisional Allotment Letters, the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights and this document have not been recommended, approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other US 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, the Fully Paid Rights or the accuracy or adequacy of the Provisional Allotment Letter or this document. Any representation to the contrary is a criminal offence in the United States.

EXCEPT AS OTHERWISE PROVIDED FOR HEREIN, NEITHER THE PROVISIONAL ALLOTMENT LETTER NOR THIS DOCUMENT CONSTITUTES AN OFFER OF NEW ORDINARY SHARES OR NIL PAID RIGHTS OR FULLY PAID RIGHTS TO ANY PERSON WITH A REGISTERED ADDRESS, OR WHO IS LOCATED OR RESIDENT, IN THE UNITED STATES OR ANY OF THE OTHER EXCLUDED TERRITORIES.

The Underwriters may arrange for any New Ordinary Shares not taken up in the Rights Issue to be offered and sold only (i) outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the US Securities Act ("**Regulation S**") or (ii) inside the United States to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A under the US Securities Act ("**Rule 144A**") in reliance on an exemption from the registration requirements of the US Securities Act. Any such persons are notified that such offers may be made in reliance on the exemption from the registration requirements of the US Securities Act provided by Rule 144A.

A QIB will be permitted to take up its entitlements to New Ordinary Shares under the Rights Issue only if the QIB executes a QIB Investor Letter in the form provided by Whitbread and delivers it to Whitbread with a copy to the Underwriters. The QIB Investor Letter will require each such QIB to represent and agree that, among other things, (i) it is a QIB and (ii) it will only offer, sell, transfer, assign, pledge or otherwise dispose of the New Ordinary Shares in transactions exempt from the registration requirements of the US Securities Act and in compliance with applicable securities laws. The QIB Investor Letter contains additional written representations, agreements and acknowledgements relating to the transfer restrictions applicable to the New Ordinary Shares.

In addition, until 40 days after Admission, an offer, sale or transfer of the New Ordinary Share, the Nil Paid Rights or the Fully Paid Rights within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of Section 5 of the US Securities Act.

All Overseas Shareholders and any person (including, without limitation, a nominee or trustee) who has a contractual or legal obligation to forward this document or any Provisional Allotment Letter, if and when received, or any other document to a jurisdiction outside the United Kingdom should read section 7 (*Overseas Shareholders*) of Part VII (*Terms and Conditions of the Rights Issue*) of this document. Prospective investors must comply with all applicable laws and regulations in force in any applicable jurisdiction, and must obtain any consent, approval or permission required for the purchase, offer or sale of the Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares under the laws and regulations in force in the jurisdiction to which such prospective investor is subject or in which such prospective investor makes such purchase, offer or sale, and none of the Company, the Underwriters or their respective employees, agents or representatives will have any responsibility therefor.

No representation has been, or will be, made by Whitbread or the Underwriters as to the availability of Rule 144 under the US Securities Act or any other exemption under the US Securities Act or any applicable securities laws of any state or other jurisdiction of the United States for the reoffer, pledge or transfer of the New Ordinary Shares.

Any person in the United States who obtains a copy of this document and who is not a QIB will be unable to purchase or acquire New Ordinary Shares, Nil Paid Rights and/or Fully Paid Rights and is required to disregard this document.

NOTICE TO ALL INVESTORS

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights is prohibited. By accepting delivery of this document, each offeree of the New Ordinary Shares, the Nil Paid Rights

or the Fully Paid Rights agrees to the foregoing. The distribution of this document and/or the Provisional Allotment Letters and/or the transfer of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. In particular, subject to certain exceptions, such documents should not be distributed, forwarded to or transmitted in or into the United States or any of the other Excluded Territories. The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights are not transferable, except in accordance with, and the distribution of the Provisional Allotment Letters and this document are subject to, the restrictions set out in section 7 (*Overseas Shareholders*) of Part VII (*Terms and Conditions of the Rights Issue*). No action has been taken by the Company or by the Underwriters that would permit an offer of the New Ordinary Shares or rights thereto or possession or distribution of the Provisional Allotment Letters or this document or any other offering or publicity material or the Nil Paid Rights, or the Fully Paid Rights in any jurisdiction where action for that purpose is required, other than in the United Kingdom.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or its own legal, financial or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must carry out their own examination, analysis and enquiry of the Company and the terms of the Rights Issue, including the merits and risks involved.

None of Whitbread or the Underwriters, nor any of their respective affiliates, directors, officers, employees or advisers, is making any representation to any offeree, subscriber or acquirer of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights regarding the legality of an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights by such offeree, subscriber or acquirer under the law applicable to such offeree, subscriber or acquirer. Each investor should consult with his or its own advisers as to the legal, tax, business, financial and related aspects of an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights.

The investors also acknowledge that: (i) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this document or their investment decision; (ii) they have relied only on the information contained in this document and (iii) no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights or the Rights Issue (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Underwriters.

Without limitation, the contents of the Group's websites (other than the information as set out in Part XIII (*Documents incorporated by reference*) do not form part of this document.

Capitalised terms have the meanings ascribed to them in the schedule of this document entitled "Definitions".

This document should be read in its entirety. In particular, recipients of this document should take account of the section entitled "Risk Factors" which contains a discussion of certain risks relating to the business of the Company. Investors should not solely rely on the information summarised in the section entitled "Summary".

NOTICE 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.

The date of this document is 21 May 2020.

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SUMMARY

1. INTRODUCTION AND WARNINGS

1.1 Details of the issuer

The issuer is Whitbread plc, a public limited company incorporated in England and Wales with registered number 04120344.

The Company's registered office is at Whitbread Court, Houghton Hall Business Park, Porz Avenue Dunstable, Bedfordshire, LU5 5XE. Its telephone number is +44 (0)20 7806 5480 and the legal entity identifier of the Company is 21380099VMZKRMN3EX36.

1.2 Details of the securities

On Admission, the New Ordinary Shares will be registered with an ISIN of GB00B1KJJ408 and a SEDOL of B1KJJ40. The ISIN for the Nil Paid Rights will be GB00BMT7VN51 and the SEDOL will be BMT7VN5. The ISIN for the Fully Paid Rights will be GB00BMT7VP75 and the SEDOL will be BMT7VP7.

The New Ordinary Shares will be traded on the main market for listed securities of the London Stock Exchange under the ticker symbol "WTB".

1.3 Details of the FCA

The head office of the FCA is at 12 Endeavour Square, London, E20 1JN. The telephone number of the FCA is +44 (0)20 7066 1000.

This document was approved by the FCA on 21 May 2020.

1.4 Warnings

This summary should be read as an introduction to this document.

Any decision to invest in the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights should be based on a consideration of this document as a whole by the investor. Any investor could lose all or part of their invested capital.

Where a claim relating to the information contained in this document is brought before a court, a plaintiff might, under national law, have to bear the costs of translating this document before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document, or where it does not provide, when read together with the other parts of this document, key information in order to aid in considering whether to invest in the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

The Company was incorporated in England and Wales on 1 December 2000 as Whitbread Holdings plc with registered number 04120344. On 10 May 2001, the Company changed its name to Whitbread plc. The legal entity identifier of the Company is 21380099VMZKRMN3EX36.

(A) Principal activity

The principal activity of the Company is to act as the ultimate holding company of the Group. 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. The Group's restaurants, which operate under brands such as Beefeater, Brewers Fayre, Bar + Block and Thyme, are typically co-located with or inside the Group's Premier Inn hotels in the United Kingdom. The principal legislation under which the Company operates is the Companies Act and regulations made thereunder.

(B) Major shareholders

As at the Latest Practicable Date, the Company had been notified in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules of the following interests in its Existing Ordinary Shares:

Name of shareholder	Percentage of total voting rights
Longview Partners	8.59%
Blackrock	7.35%
Schroder Investment Management	6.89%
MFS Investment Management	4.40%
Invesco	3.85%
Vulcan Value Partners	3.78%
Vanguard Group	3.69%
Legal & General Investment Management	3.21%
Kensico Capital Management	3.06%

(C) Key managing directors

The Executive Directors are:

Director	Position
Alison Brittain	Chief Executive
Nicholas Cadbury	Group Finance Director
Louise Smalley	Group HR Director

(D) Statutory auditor

Deloitte LLP is the statutory auditor of the Company and is registered to carry out audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Its business address is 1 New Street Square, London, EC4A 3HQ, United Kingdom and it has no material interest in the Company or the Group.

2.2 What is the key financial information regarding the issuer?

(A) Selected historical key financial information

The tables below set out selected key financial information for the Group for the financial years ended 1 March 2018, 28 February 2019 and 27 February 2020.

The financial information set out in the tables below has been extracted without material adjustment from the Historical Financial Information.

Table 1: Consolidated income statement

	For the year ended				
	27 Feb 2020 £m	28 Feb 2019 (restated)[1] £m	28 Feb 2019 (reported) £m	1 Mar 2018 (restated)[2] £m	1 Mar 2018 (reported) £m
Revenue	2,071.5	2,049.1	2,049.1	2,007.4	3,295.1
Other income	37.1	5.8	—	—	—
Operating costs	(1,697.6)	(1,688.8)	(1,754.4)	(1,542.0)	(2,707.3)
Operating profit before joint ventures	**411.0**	**366.1**	**294.7**	**465.4**	**587.8**
Share of (loss)/profit from joint ventures	(2.5)	(0.6)	(0.6)	1.8	2.0
Operating profit	**408.5**	**365.5**	**294.1**	**467.2**	**589.8**
Finance costs	(144.4)	(152.1)	(39.0)	(41.2)	(42.2)
Finance income	15.9	4.7	4.7	0.5	0.8
Profit before tax	**280.0**	**218.1**	**259.8**	**426.5**	**548.4**
Tax expense	(62.1)	(41.3)	(49.2)	(83.0)	(112.0)
Profit for the year from continuing operations	**217.9**	**176.8**	**210.6**	**343.5**	**436.4**
Profit for the year from discontinued operations	—	3,554.6	3,520.0	92.9	—
Profit for the year	**217.9**	**3,731.4**	**3,730.6**	**436.4**	**436.4**
Attributable to parent shareholder	217.9	3,731.4	3,730.6	438.0	438.0
Attributable to non-controlling interest	—	—	—	(1.6)	(1.6)
	217.9	**3,731.4**	**3,730.6**	**436.4**	**436.4**

(1) Restated to reflect the impact of adopting a new accounting policy in respect of IFRS 16.

(2) Restated to reflect the impact of treating Costa, which the Group disposed of on 3 January 2019, as a discontinued operation.

Table 2: Consolidated balance sheet

	As at				
	27 February 2020 £m	28 February 2019 (restated)[1][2] £m	28 February 2019 (reported) £m	2 March 2018 (restated)[1] £m	1 March 2018 (reported) £m
Non-current assets	6,977.6	6,478.4	4,336.7	7,059.4	4,542.1
Current assets	833.0	3,543.7	3,555.7	332.2	343.0
Assets held for sale	14.9	12.2	12.2	7.3	7.3
Total assets	**7,825.5**	**10,034.3**	**7,904.6**	**7,398.9**	**4,892.4**
Current liabilities	646.9	949.9	605.2	932.0	851.2
Non-current liabilities	3,429.8	3,431.7	1,097.0	3,884.8	1,238.7
Total liabilities	**4,076.7**	**4,381.6**	**1,702.2**	**4,816.8**	**2,089.9**
Net assets	**3,748.8**	**5,652.7**	**6,202.4**	**2,582.1**	**2,802.5**
Equity attributable to equity holders of the Company	**3,748.8**	**5,652.7**	**6,202.4**	**2,582.1**	**2,802.5**
Total equity	**3,748.8**	**5,652.7**	**6,202.4**	**2,582.1**	**2,802.5**

(1) Restated to reflect the impact of adopting a new accounting policy in respect of IFRS 16. The balance sheet as at 2 March 2018 has been restated to present the opening balance sheet for the financial year ended 28 February 2019 in accordance with IFRS.

(2) Restated to reflect irrevocable commitment to purchase shares of £330.1 million.

Table 3: Consolidated cash flow statement

The table below includes cash flow of the Group, including cash flows relating to the Costa business prior to its disposal. Disaggregated information relating to the Costa business for the financial years ended 28 February 2019 and 1 March 2018 is provided in Note 10 to the 2019 Annual Financial Statements.

	For the year ended			
(£ million)	27 February 2020	28 February 2019 (restated)[1]	28 February 2019 (reported)	1 March 2018
Cash generated from operations	**686.4**	**1 ,061.8**	**814.4**	**877.1**
Payments against provisions	(20.1)	(10.7)	(10.7)	(22.5)
Pension payments	(288.4)	(193.9)	(193.9)	(100.8)
Interest paid—lease liabilities	(115.3)	(129.9)	—	—
Interest paid—other	(31.9)	(38.8)	(38.8)	(34.3)
Interest received	12.0	4.9	4.9	0.8
Corporation taxes paid	(8.5)	(90.2)	(90.2)	(99.3)
Net cash flows from operating activities	**234.2**	**603.2**	**485.7**	**621.0**
Net cash flows from / (used in) investing activities	(575.8)	3,261.6	3,261.6	(388.6)
Net cash flows used in financing activities	(2,550.9)	(551.9)	(434.4)	(205.1)
Net increase in cash and cash equivalents	**(2,892.5)**	**3,312.9**	**3,312.9**	**27.3**
Opening cash and cash equivalents	3,403.2	90.6	90.6	63.0
Foreign exchange differences	(8.1)	(0.3)	(0.3)	0.3
Closing cash and cash equivalents	**502.6**	**3,403.2**	**3,403.2**	**90.6**

(1) Restated to reflect the impact of adopting a new accounting policy in respect of IFRS 16.

There are no qualifications in the audit opinions on the historical financial information included in this document.

(B) Other than as described below, there has been no significant change in the financial position or financial performance of the Group in the period since 27 February 2020 to the date of publication of this document.

The COVID-19 pandemic and associated government measures have had a very significant negative effect on the Group's business since 27 February 2020. 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.

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.

2.3 What are the key risks that are specific to the issuer?

The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known.

The performance of the Group's business is directly linked to general economic conditions and the political climate in the United Kingdom, which may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's vertically-integrated business model means it is disproportionately impacted by a decline in revenues.

The Group is reliant upon the resilience of its reservation system and other key technology platforms and is exposed to risks that could cause the failure of these systems.

Attempts by third-parties or malicious insiders to disrupt or improperly access the Group's IT systems through cyber-attacks or otherwise could result in loss of data or reputational damage, each of which could have material adverse effects on the Group's business, financial condition, results of operations and prospects.

Higher costs, such as labour and other operating costs, could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's long-term success depends on attracting and retaining the services of key individuals, the loss of whom could materially harm the business.

The Group's debt service obligations and leverage could have adverse effects on the Group's business, financial condition, results of operations and prospects.

The Group is subject to risks in relation to the United Kingdom's uncertain future economic relationship with the European Union resulting from the United Kingdom having withdrawn from membership of the European Union on 31 January 2020 and entered into a transition period during which its future relationship with the European Union is uncertain.

The Group's business may be impacted by changing consumer behaviour during the COVID-19 pandemic and potentially after this pandemic abates.

3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

(A) Type, class and ISIN of the securities

The New Ordinary Shares will be fully paid ordinary shares traded on the main market for listed securities of the London Stock Exchange under the ticker symbol "WTB".

On Admission, the New Ordinary Shares will be registered with an ISIN of GB00B1KJJ408 and a SEDOL of B1KJJ40. The ISIN for the Nil Paid Rights will be GB00BMT7VN51 and the SEDOL will be BMT7VN5. The ISIN for the Fully Paid Rights will be GB00BMT7VP75 and the SEDOL will be BMT7VP7.

(B) Currency of the securities

The New Ordinary Shares are denominated in pounds sterling.

(C) Number of issued and fully paid securities

Pursuant to the Rights Issue, the Company will issue 67,277,416 New Ordinary Shares. The Rights Issue will be made on the basis of 1 New Ordinary Share for every 2 Existing Ordinary Shares in the Company.

As at the Latest Practicable Date, there were 147,009,551 Existing Ordinary Shares in issue, of which 12,454,718 Existing Ordinary Shares were held by the Company in treasury.

(D) Rights attaching to the securities

All New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Ordinary Shares.

On a show of hands at general meetings of the Company, every Shareholder who is present in person and every person holding a valid proxy shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per New Ordinary Share.

(E) Description of restrictions on free transferability of the securities

The New Ordinary Shares are freely transferable and there are no restrictions on transfer of the New Ordinary Shares in the United Kingdom.

(F) Rank of securities in the Company's capital structure in the event of insolvency

The New Ordinary Shares do not carry any rights to participate in a distribution of capital (including on a winding-up) other than those that exist as a matter of law. The New Ordinary Shares and the Existing Ordinary Shares will rank *pari passu* in all respects.

The Company also has non-cumulative preferential B shares (the "**B Shares**") and non-cumulative preferential C shares (the "**C Shares**") in issue, which represent less than 0.05% of the Company's total share capital. In a distribution of capital (including on a winding-up): (i) the holders of B Shares are entitled to payment of 155 pence per B Share in priority to any payment to holders of C Shares and Ordinary Shares (together with an amount representing accrued but unpaid dividends); and (ii) the holders of C Shares are entitled to payment of 159 pence per C Share (together with an amount representing accrued but unpaid dividends) in priority to any payment to holders of Ordinary Shares.

(G) 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 Group's financial position and performance.

3.2 Where will the securities be traded?

Application will be made to the FCA for the New Ordinary Shares (nil paid and fully paid) to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. No application has been made or is currently intended to be made for New Ordinary Shares to be admitted to listing or trading on any other exchange.

3.3 What are the key risks that are specific to the securities?

The market price of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights could be subject to volatility.

An active trading market for the Nil Paid Rights may not develop.

Shareholders who do not acquire New Ordinary Shares in the Rights Issue will experience dilution in their ownership of the Company.

The market price for the New Ordinary Shares may decline below the Rights Issue Price and Shareholders may not be able to sell New Ordinary Shares at a favourable price after the Rights Issue.

The Company's ability to pay dividends is currently restricted and in the future is not guaranteed.

4. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 Under which conditions and timetable can I invest in this security?

It is expected that Admission of Nil Paid Rights will become effective, and dealing 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 the 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 Company proposes to issue 67,277,416 New Ordinary Shares in connection with the Rights Issue. Pursuant to the Rights Issue, New Ordinary Shares will be offered by way of rights to Qualifying Shareholders on the terms and conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter. The offer is to be made at 1,500 pence per New Ordinary Share, payable in full on acceptance by no later than 11.00 a.m. on 9 June 2020. The Rights Issue Price represents a discount of 47.2% to the closing price of 2,843 pence per Existing Ordinary Share on 20 May 2020 (the last Business Day before the publication of this document), and 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 the same basis.

The Rights Issue will be made on the basis of 1 New Ordinary Share at 1,500 pence per New Ordinary Share for every 2 Existing Ordinary Shares held on the Record Date (and so in proportion for any other number of Existing Ordinary Shares then held) and otherwise on the terms and conditions set out in this document and, in case of Qualifying Non-CREST Shareholders only, also in the Provisional Allotment Letters.

If a Shareholder does not (or is not permitted to) take up the offer of New Ordinary Shares under the Rights Issue, such Shareholder's proportionate ownership and voting interests in the Company will be diluted by up to 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).

4.2 Why is this prospectus being produced?

This document has been prepared in connection with the Rights Issue to be undertaken by the Company.

Pursuant to the Rights Issue, the Company proposes to issue 67,277,416 New Ordinary Shares. Through the issue of New Ordinary Shares, the Company expects to raise gross proceeds of £1,009 million. The aggregate expenses of, or incidental to, the Rights Issue to be borne by the Company are estimated to be approximately £29 million.

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.

There are no material conflicts of interest pertaining to Admission.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change. Please read the notes to the timetable set out below.

Record Date for entitlements under the Rights Issue	Close of business on 19 May 2020
Announcement of the Rights Issue and publication of this document	21 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**
Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only)	As soon as possible after 8.00 a.m. on 26 May 2020
Nil Paid Rights and Fully Paid Rights enabled in CREST	As soon as possible after 8.00 a.m. on 26 May 2020
Latest time and date for receipt of instructions under Special Dealing Service in respect of Cashless Take-up or disposal of Nil Paid Rights	11.00 a.m. on 3 June 2020
Dealings commence in relation to Cashless Take-up or disposal of Nil Paid Rights under Special Dealing Service	3 June 2020
Recommended latest time for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 3 June 2020
Latest time for depositing renounced Provisional Allotment Letters, nil or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights or Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3.00 p.m. on 4 June 2020
Settlement of dealings in relation to Cashless Take-up or disposal of Nil Paid Rights under Special Dealing Service	4 June 2020
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	3.00 pm on 5 June 2020
Despatch of cheques in relation to proceeds of disposal of Nil Paid Rights under Special Dealing Service	5 June 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**
New Ordinary Shares credited to CREST stock accounts	As soon as possible after 8.00 a.m. on 10 June 2020
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	Not later than 23 June 2020
CREST accounts credited and cheques despatched in respect of premium payments (if applicable)	Not later than 23 June 2020

Notes:

1. The ability to participate in the Rights Issue, the despatch of Provisional Allotment Letters and the crediting of stock accounts in CREST are subject to certain restrictions relating to Overseas Shareholders, details of which are set out in Part VII (*Terms and Conditions of the Rights Issue*) of this document.
2. These times and dates and those mentioned throughout this document are indicative only and may be adjusted by the Company in consultation with the Joint Sponsors and the Underwriters, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Qualifying Shareholders.
3. References to times in this timetable are to London time.

PART I
RISK FACTORS

Any investment in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights is subject to a number of risks and uncertainties. Accordingly, prior to any such investment in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights, prospective investors should carefully consider the risks and uncertainties associated with any such investment, the Group's business and the industry in which it operates, together with all other information contained in this document, including, in particular, the risk factors described below.

Prospective investors should note that the risks and uncertainties summarised in the section of this document headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights. However, as the risks and uncertainties which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks and uncertainties summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks which prospective investors may face when making an investment in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Directors currently deem immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, financial condition, results of operations and prospects and, if any such risk should materialise, the price of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights is suitable for them in the light of the information in this document and their personal circumstances.

1. RISKS RELATING TO THE GROUP'S BUSINESS

1.1. The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, was identified in Wuhan, China, and has since spread globally, including in the United Kingdom and continental Europe, where the Group's operations are primarily concentrated. On 11 March 2020, the World Health Organisation confirmed that its spread and severity had escalated to the level of a pandemic.

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. There can be no certainty as to when or to what extent the applicable government measures will be lifted, whether they will be reintroduced after they have been lifted. There can also be no certainty as to how quickly, and to what extent, the Group's hotels and restaurants will be able to open after the applicable government measures have been lifted or the level of demand for its products and services thereafter; it is possible that such demand could be adversely impacted for some time.

The Group's vertically-integrated business model, which combines the ownership of freehold and leasehold property, hotel and restaurant operations, its brands and inventory distribution, means that its profitability and cash flow is disproportionately adversely affected by the COVID-19 pandemic and the associated reductions in revenues than, for example, competitors with a large number of franchisees. See "*1.2—The Group's vertically-integrated business model means it is disproportionately impacted by a decline in revenues*" below.

The operations of the Group's suppliers have also been impacted by the COVID-19 pandemic, which has increased the risk that the Group's service providers and other suppliers may experience significant business interruption, delays or disruptions, such as a temporary suspension of operations, a lack of availability of labour to support their operations or longer-term problems in maintaining supply. This may lead to shortages of business-critical services, food, drinks or other supplies, or increased costs to secure such supplies, at the Group's hotels and restaurants, including after any reduction in the impact of the COVID-19 pandemic on the Group's own operations. See "*1.18—The Group could experience significant disruption to its operations as a result of its dependence on key third-party suppliers*" below.

It is possible that the Group will need to draw on its Revolving Credit Facility (as defined below) or other available financial facilities through the period in which the impact of the COVID-19 pandemic continues. As noted in "*1.7—The Group's debt service obligations and leverage could have adverse effects on the Group's business, financial condition, results of operations and prospects*" below, such increased drawings could adversely affect the Group's financial condition, results of operations and prospects. The Group is also subject to financial covenants and, while the Group has obtained waivers of its existing financial covenants which have been temporarily replaced with debt and liquidity covenants, such financial covenants could be breached when they re-apply due to a diminished

financial performance or position resulting from the COVID-19 pandemic, as further described in "*1.8—The Group is subject to financial covenants and certain restrictive covenants which could result in default by the Company*".

The Group has taken proactive steps to mitigate, where possible, the negative financial and operational impacts of the COVID-19 pandemic, including:

- obtaining 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;
- 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.

The Group has also been confirmed as an eligible issuer under the joint Bank of England and HM Treasury lending facility, named Covid Corporate Financing Facility (the "**CCFF**"). Under the CCFF, the Bank of England, acting through an entity named Covid Corporate Financing Facility Limited, may acquire unsecured commercial paper at a minimum spread over reference rates issued by an eligible company with a term of between one week and 12 months, up to a pre-approved issuer limit on an uncommitted basis and otherwise on standard terms comparable to those prevailing in the market in the period before the COVID-19 pandemic. In April 2020, the Group established a commercial paper programme in order to be able to participate in the CCFF and, on 14 April 2020, the Bank of England confirmed that the Group is an eligible issuer with an issuer limit of £600 million. As at the date of this document, no commercial paper had been issued by the Group under the CCFF. The Group has also benefitted from the Coronavirus Job Retention Scheme, which is providing 80% of the wage costs for furloughed employees up to £2,500 per month until at least the end of July 2020. However, there can be no certainty that the CCFF, Coronavirus Job Retention Scheme or other government support initiatives will be available to the Group throughout the period during which the Group is impacted by the COVID-19 pandemic or that these initiatives will continue to be available in their current form.

Additionally, further measures to reduce costs or generate cash are available to the Group, including rent reductions, further overhead cost reductions and the sale and leaseback of real estate. However, given the considerable uncertainty regarding the duration, extent and ultimate impact of the COVID-19 pandemic (or any subsequent outbreak or recurrence following relaxation of the current public health measures), the long-term impact of the pandemic on the Group's business, financial condition, results of operations and prospects is unknown. There can be no assurance that any mitigating steps taken by the Group will be effective in the long-term.

Even after the COVID-19 pandemic abates, its impact on consumer behaviour and their preferences may continue in the longer-term, as may any continuing precautionary government measures. This could result in diminished demand for the Group's hotels and/or restaurants in the longer-term, including if the Group cannot adapt its business accordingly. See "*1.10—The continued profitability of the Group depends upon management's ability to respond to changes in consumer tastes and trends, and potentially different consumer behaviour following the COVID-19 pandemic*" and "*2.3—The Group's business may be impacted by changing consumer behaviour during the COVID-19 pandemic and potentially after this pandemic abates*" below.

Any of the foregoing, including a prolonged period of travel, commercial or other similar restrictions, as well as any resulting deterioration in general economic conditions or change in consumer behaviour, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.2. The Group's vertically-integrated business model means it is disproportionately impacted by a decline in revenues

The Group operates a vertically-integrated business model, which means that it owns and operates the majority of its hotels and restaurants. A high proportion of the Group's operating overheads and certain other costs, such as lease payments and labour, therefore remain relatively constant even if there is a decline in revenues. This is because the expenses of owning and operating a hotel or restaurant are not significantly reduced if Occupancy and/or restaurant covers decline, particularly in the short term. The Group's fixed and semi-variable costs represented a substantial proportion of its cost base in the financial year ended 27 February 2020 and include long-term lease obligations, business rates and service charges, amongst others.

Therefore, a decline in revenues, whether as a result of macro-economic factors or specific events like pandemics (including COVID-19), terrorist attacks or wars, has a disproportionately adverse effect on the Group compared to competitors who operate franchise or other asset-light models, where a significant proportion of operational costs would fall on franchisees or other third-parties. While the Group, which 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, is likely to be less impacted than other vertically-integrated competitors who lease the majority of their hotels and therefore have to pay rent, a decline in the Group's revenue may nonetheless have a disproportionately material adverse effect on the Group's business, financial condition, results of operations and prospects relative to other companies operating in the same sector.

Any of the above factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.3. Attempts by third-parties or malicious insiders to disrupt or improperly access the Group's IT systems through cyber-attacks or otherwise could result in loss of data or reputational damage, each of which could have material adverse effects on the Group's business, financial condition, results of operations and prospects

The Group is exposed to the increasing risk that individuals or groups may attempt to disrupt the availability, confidentiality, integrity and resilience of its IT systems, which could disrupt key operations, such as the Group's reservation systems, make it difficult to recover critical services, damage assets and compromise the integrity and security of both corporate and customer data. This could result in loss of trust from the Group's customers, employees and other stakeholders, reputational damage, legal or regulatory proceedings and direct or indirect financial loss. In particular, any disruption to or unavailability of the Group's reservations system as a result of a cyber-security incident could remove or severely curtail the Group's ability to book hotel rooms for its customers and could result in significant reputational damage to the Group and its brands. See "*1.4—The Group is reliant upon the resilience of its reservation system and other key technology platforms and is exposed to risks that could cause the failure of these systems*" below. Although the Group is continuously investing in its IT systems to protect itself from such disruption, the cyber-security threat continues to evolve globally in sophistication and potential significance, particularly in light of the Group's growing digital footprint. The Group believes that the cyber-security threat is likely to be heightened in the period while the COVID-19 pandemic persists.

Developments in data protection worldwide (including, in particular, the implementation of the General Data Protection Regulation ((EU) 2016/679) ("**GDPR**"), which entered into force on 24 May 2016 and has applied to all European Union member states from 25 May 2018) may also increase the financial and reputational implications for the Group following a significant breach of its IT systems or those of its third-party suppliers, with regulators imposing significant fines. See "*3.2—The Group is subject to regulation regarding the use of personal customer data*" below.

Despite the Group's efforts to enhance its IT environment, protect its data and improve its cyber-security and operational resilience, there remains a risk that such events will take place which may have material adverse consequential effects on the Group's business, financial condition, results of operations and prospects.

1.4. The Group is reliant upon the resilience of its reservation system and other key technology platforms and is exposed to risks that could cause the failure of these systems

The Group's business is dependent on the suitability, reliability and durability of its technology platforms, systems and processes, including third-party infrastructure that supports its businesses. Moreover, the value of the Group is partly derived from its ability to drive reservations through its proprietary hotel reservation system and technology platforms which are highly integrated with its internal processes and linked to multiple sales channels, including the Group's own websites, call centres and hotels. In the financial year ended 27 February 2020, 97% of bookings at the Group's hotels in the United Kingdom were made through these direct distribution channels.

These systems could be exposed to damage or interruption from fire, natural disaster, loss of power, telecommunications failure or unauthorised entry. A lack of resilience and operational availability of these systems, whether provided by the Group or third-party technology providers, could lead to prolonged service disruption or outage. This could result in significant business interruption, an adverse impact on customer experience (both during the booking process and during a customer's visit to one of the Group's hotels or restaurants), negative publicity or loss of customer data, any of which could subsequently adversely impact Group revenues and/or reputation. See "*1.3—Attempts by third-parties or malicious insiders to disrupt or improperly access the Group's IT systems through cyber-attacks or otherwise could result in loss of data or reputational damage, each of which could have material adverse effects on the Group's business, financial condition, results of operations and prospects*" above.

The Group is currently engaged in a number of initiatives to modernise its IT systems, including upgrading its legacy customer reservation and property management system, whilst also delivering an ongoing efficiency programme and upgrading its digital capability, customer propositions and core IT infrastructure and network where required. There remains a risk that such initiatives will not deliver what is required either on time or on budget, or provide the performance levels required to support the current and future needs of the Group and its customers. See "*1.19—The implementation of strategic initiatives gives rise to significant execution risks, which may affect the operational capacity of the Group, and the Group may be adversely impacted if these initiatives fail to meet their objectives*" below. Such initiatives may also expose the Group to additional risks, for example due to poor implementation or due to unexpected outcomes of new functionalities. The Group's systems are interdependent and a failure of any of its core systems may result in the failure of other systems. Any updates to the Group's systems and infrastructure to support its operations and growth and/or respond to changes in regulations and markets create implementation and integration risks.

1.5. Higher costs, such as labour and other operating costs, could adversely affect the Group's business, financial condition, results of operations and prospects

Labour costs form a significant part of the cost base of the Group and are vulnerable to factors such as general wage inflation, increases in the National Living Wage and National Minimum Wage in the United Kingdom, increased employee benefit costs, the apprenticeship levy and shortages of skilled and dependable employees in the hospitality industry. Wage rates for a substantial number of the Group's staff are at or just above the National Minimum Wage. As National Minimum Wage rates increase, the Group may be required to increase not only the wage rates of its minimum wage employees but also the wages of higher-paid employees, including those in management positions. In the short-term, the Group's staff and other operating costs are also, to a large extent, fixed even if there are very significant declines in sales in light of events such as the COVID-19 pandemic.

In addition, historically low United Kingdom unemployment rates, which fell to their lowest level since 1975 in the three months to October 2019, increase the risk of staff shortages and increased labour costs. This risk is further exacerbated by the United Kingdom's withdrawal from membership of the European Union, given the high proportion of European Union workers in the United Kingdom hospitality industry, particularly in London and other metropolitan areas, where the proportion of employees from the European Union is high. About 13% of the Group's hotels are located in the London area, which could be disproportionately materially impacted by such increased labour costs. Other metropolitan or urban areas in the United Kingdom are similarly affected. See also "*2.2—The Group is subject to risks in relation to the United Kingdom's uncertain future economic relationship with the European Union resulting from the United Kingdom having withdrawn from membership of the European Union on 31 January 2020 and entered into a transition period during which its future relationship with the European Union is uncertain*" below.

Likewise, the business of the Group is vulnerable to increases in other operating costs. The Group's other material operating costs include rent and rates, fuel and energy and other utility costs, food and beverage, maintaining and developing technology (including cyber-security), construction and building refurbishment costs and logistics costs. Suppliers and service providers may also seek to pass on to the Group increases in their own labour and other operating costs. Some of these operating costs, particularly the cost of food and beverages which the Group imports in large quantities from outside the United Kingdom, could also increase as a result of foreign exchange rate fluctuations and/or the United Kingdom's withdrawal from membership of the European Union. The Group's operating costs could also be heightened due to the COVID-19 pandemic, especially if this necessitates increased staffing levels.

The above factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.6. The Group's long-term success depends on attracting and retaining the services of key individuals, the loss of whom could materially harm the business

The Group's future success depends substantially on the continued service and performance of its senior management team for the running of its daily operations as well as for the planning and execution of its strategy. There is strong competition worldwide for experienced senior management and personnel with expertise in the hospitality sector. Furthermore, the sale of Costa, and the resulting streamlining and reduction in size of the Group to a focused hotel and restaurants business, may reduce the attractiveness of the Group to experienced senior management. If the Group loses the services of members of its senior management team or other key personnel, it may have difficulty, and incur additional costs in, replacing them. If the Group is unable to find suitable replacements in a timely manner, its ability to realise its strategic objectives could be impaired, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.7. The Group's debt service obligations and leverage could have adverse effects on the Group's business, financial condition, results of operations and prospects

The Group has, and will continue to have, interest-bearing debt service obligations. As at the date of this document, the Group has £1,760 million in total committed facilities. This comprises US private placement loans of £359 million (at the hedge rate) with maturities between August 2020 and August 2027 (the "**US Notes**"), senior unsecured bonds of £450 million with a maturity of 16 October 2025 (the "**2025 Bonds**") and a syndicated bank revolving credit facility of £950 million, of which £50 million is drawn as at the date of this document, with a maturity of 7 September 2022 (the "**Revolving Credit Facility**"). The Group has also established a £600 million commercial paper programme, through which it may participate in the CCFF, as further described in "*1.1—The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known*" above. As at the date of this document, no commercial paper had been issued by the Group under the CCFF. The Group expects to continue to have a substantial amount of outstanding debt going forward, including any additional amounts that it may borrow through the period in which the impact of the COVID-19 pandemic on the Group continues. Some of these instruments also contain financial covenants as further described in "*1.8—The Group is subject to financial covenants and certain restrictive covenants which could result in default by the Company*" below.

The Group's leverage could have important consequences for its business and operations, including:

- increasing the Group's vulnerability to adverse general economic or industry conditions that are beyond its control;
- requiring the Group to dedicate a substantial proportion of its cash flow to payments of interest or other amounts due on its debt, which in turn reduces the funds available for other purposes;
- negatively impacting the Group's credit rating;
- limiting the Group's ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings;
- limiting the ability of the Group to execute its strategy and invest in its business; and

- placing the Group at a competitive disadvantage compared to competitors that may have less debt.

To the extent the Group utilises the Revolving Credit Facility, increased interest rates could also increase the Group's debt interest costs as this facility has floating interest rates.

Any of the above could have a material adverse effect on the Group's ability to make further investments, business, financial condition, results of operations and prospects.

1.8. The Group is subject to financial covenants and certain restrictive covenants which could result in default by the Company

The Group is subject to certain covenants and events of default under the terms of its debt arrangements and pension scheme.

In particular, the terms of the Revolving Credit Facility and the US Notes contain the following two financial covenants: (i) that total net debt does not exceed 3.5x EBITDA; and (ii) that the ratio of EBITDA to consolidated net finance charges is not less than 3.0:1 (together, the "**Debt Financial Covenants**"). Each of the Debt Financial Covenants is tested twice-yearly on the date the Group's yearly and half-yearly financial statements are delivered to the relevant creditors pursuant to the terms of the Revolving Credit Facility Agreement and the US Notes (the "**Test Date**") and is calculated on a consolidated basis for the Group in respect of the 12-month period ending on the most recently completed financial year or financial half-year (the "**Reference Date**"). For the purposes of calculating the Debt Financial Covenants, various adjustments are made to EBITDA, for example, to take account of any assets that are acquired or disposed of during the relevant period and to exclude any non-recurring, non-operating items relating to employee share-based remuneration and post-retirement benefits, and the calculation of total net debt takes into account all cash and cash equivalents held by any member of the Group. In addition, all such financial covenant calculations are carried out on a pre-IFRS 16 basis.

The Company has obtained a covenant waiver from both the lenders under the Revolving Credit Facility and the holders of the 2011 US Notes and 2017 US Notes in respect of the Debt Financial Covenants as it was likely that the Group would not have been in compliance with such 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 terms of this covenant waiver include the following:

- The Debt Financial Covenants will not be tested in respect of the 12-month periods ending on 27 August 2020, 25 February 2021 and 2 September 2021.
- Following the expiry of the waiver on 2 March 2022 (the "**Covenant Waiver Period**"), the Debt Financial Covenants will re-apply to the Revolving Credit Facility and the US Notes then outstanding. Accordingly, the Debt Financial Covenants will next be tested in respect of the 12-month period ending on 3 March 2022, and this Test Date is expected to be on or around 20 May 2022. For the avoidance of doubt, the next Reference Date of 3 March 2022 and the expected next Test Date of 20 May 2022 both fall outside the 12-month period covered by the Working Capital Statement.
- During the period from the date the waiver was granted until the later of 2 March 2022 and the date the Company is in compliance with the Debt Financial Covenants (such date being the "**Debt Covenant Compliance Date**"), the Company has agreed the following financial covenants with both the lenders under the Revolving Credit Facility and the holders of the 2011 US Notes and 2017 US Notes: (i) that the aggregate amount of the Group's cash (in hand or at bank) together with any undrawn committed bank facilities (including, without limitation, any undrawn amounts under the Revolving Credit Facility) is not less than £400 million; and (ii) that the total net debt of the Group is not greater than £2 billion (the "**Waiver Period Financial Covenants**"). The Waiver Period Financial Covenants will be tested on each quarter end date during the period from the date the waiver was granted until the Debt Covenant Compliance Date.
- During the Covenant Waiver Period, if either (i) a default which is not capable of remedy or for which the applicable grace period has expired or an (ii) event of default occurs under the terms of the Revolving Credit Facility Agreement, the terms of the waiver will cease to have effect in respect of the 2011 US Notes and the 2017 US Notes. If such waiver falls away, the Company will

be in event of default under the 2011 US Notes and/or 2017 US Notes if it is not in compliance with the Debt Financial Covenants.

The Group expects to be in full compliance with the Waiver Period Financial Covenants throughout the period in which they apply.

Furthermore, the Group has a trust-based pension scheme which has both defined benefit and defined contribution sections (the "**Whitbread Group Pension Fund**"). In connection with the Whitbread Group Pension Fund, the Group is subject to the same financial covenant that total net debt does not exceed 3.5x EBITDA on the same basis as that contained in the US Notes and Revolving Credit Facility (the "**Pension Fund Financial Covenant**" and, together with the Debt Financial Covenants, the "**Debt and Pension Fund Financial Covenants**").

The Company has obtained a waiver from the trustee of the Whitbread Group Pension Fund (the "**Trustee**") in respect of the Pension Fund Financial Covenant as it was likely that the Group would not have been in compliance with such financial covenant when it is otherwise next due to be tested on account of a diminished financial performance or position resulting from the COVID-19 pandemic. This waiver has been implemented by virtue of amending certain of the documents that are in place between the Group and the Trustee. The terms of this covenant waiver and the amendments that have been made to the documents include the following:

- The Pension Fund Financial Covenant will not be tested in respect of the 12-month periods ending on 27 August 2020, 25 February 2021 and 2 September 2021.
- Following the expiry of the **Covenant Waiver Period**, the Pension Fund Financial Covenant will re-apply. Accordingly, the Pension Fund Financial Covenant will next be tested in respect of the 12-month period ending on 3 March 2022, and this Test Date is expected to be on or around 20 May 2022. For the avoidance of doubt, the next Reference Date of 3 March 2022 and the expected next Test Date of 20 May 2022 both fall outside the 12-month period covered by the Working Capital Statement.
- During the period from the date the waiver was granted until the later of 2 March 2022 and the date the Company is in compliance with the Pension Fund Financial Covenants (such date being the "**Pension Fund Covenant Compliance Date**"), the Company has agreed with the Trustee that the Waiver Period Financial Covenants shall apply. The Waiver Period Financial Covenants will be tested on each quarter end date during the period from the date the waiver was granted until the Pension Fund Covenant Compliance Date.
- The Company has agreed to grant the Trustee additional security over certain additional real estate properties of the Group, and, until the Pension Fund Covenant Compliance Date, the secured amount will be increased by £50.0 million to £500.0 million. The Group will be required to provide valuation reports and certificates of title in relation to the additional properties by 30 June 2020 or, in certain specified circumstances, by 28 July 2020. If the Group fails to provide the valuation reports and certificates of title by the applicable deadline, it will be required to make a one-off cash contribution of £50.0 million to the Whitbread Group Pension Fund, in which case the secured amount will be reduced again by £50.0 million to £450.0 million.

The Group expects to be in full compliance with the Waiver Period Financial Covenants throughout the period in which they apply.

The Group's compliance with the Debt and Pension Fund Financial Covenants when they re-apply (and, as noted above, the next Reference Dates and next Test Dates fall outside the 12-month period covered by the Working Capital Statement) will principally depend on the level of the Group's total net debt as at the relevant Reference Date and the level of its earnings in the 12-month period ending on the relevant Reference Date. The position in relation to those matters will in turn depend on, among other things, the duration, extent and ultimate impact of the COVID-19 pandemic, any subsequent impact on the economic environment and hotel market in the United Kingdom and, in particular, the impact of those and other factors on the Group's revenue and earnings in the 12-month period ending on the relevant Reference Date and the level of borrowings that the Group has made since the outset of the COVID-19 pandemic to fund its business and which are outstanding on the relevant Reference Date. The same sensitivities apply in relation to subsequent periods and dates by reference to which the Debt and Pension Fund Financial Covenants will also be tested once they are re-applied.

Under the Group's planning assumptions for the period beyond the 12-month period covered by the Working Capital Statement, the Group expects to be in compliance with the Debt and Pension Fund Financial Covenants when they first re-apply as described above. However, these planning assumptions include certain assumptions regarding the duration, extent and ultimate impact of the COVID-19 pandemic, its impact on the economic environment and hotel market in the United Kingdom and, in particular, the impact of those and other factors on the Group. Given the continuing considerable uncertainty in relation to the COVID-19 pandemic, there is correspondingly considerable uncertainty in relation to the COVID-19 pandemic-related assumptions that are part of the Group's planning assumptions. Those uncertainties are likely to persist for a significant period of time, and some or all of them may persist until and beyond the dates when Debt and Pension Fund Financial Covenants re-apply.

In the event that the Group faces a scenario that is more adverse than it has assumed in its planning assumptions, it is possible, depending on the extent of that additional adversity and the ability of the Group to take remedial action, that it may not comply with the Debt and Pension Fund Financial Covenants when they re-apply (which, as noted above, is outside the 12-month period covered by the Working Capital Statement) and/or in subsequent periods.

In the event that the Group were not in compliance with the Debt Financial Covenants when tested in respect of the 12-month period ending on 3 March 2022 or any later period, including as a result of conditions outside of the Group's control, it may result in an event of default which, if not cured or waived, could result in the acceleration of such indebtedness or, in the case of the Revolving Credit Facility, the cancellation of any committed facility. Furthermore, certain of the Group's financing agreements, including the 2025 Bonds, the US Notes and the Revolving Credit Facility contain cross-acceleration provisions that permit the creditors under the relevant agreement (in each case, if so required by a sufficient proportion of such creditors) to declare the relevant indebtedness due and payable, if any other indebtedness of the Group (subject to certain thresholds) is accelerated. If, as a result of a breach of the Debt Financial Covenants (including as a result of a cross-acceleration provision being triggered), the Group's creditors accelerate the payment of amounts owing to them, the Group may not have sufficient cash or assets to repay in full all amounts that would be due and payable. If the Group is unable to repay those amounts, its creditors could proceed against any security interests granted to them to secure repayment of those amounts. In these circumstances, if the Group's cash and assets are insufficient to repay in full all of the indebtedness that has been accelerated, this could force the Group into bankruptcy or liquidation.

In the event that the Group were not in compliance with the Pension Fund Financial Covenant when tested in respect of the 12-month period ending on 3 March 2022 or any later period, including as a result of conditions outside of the Group's control, the Group would be obliged to contribute cash to the Whitbread Group Pension Fund. The amount of the contribution would be the lesser of: (i) the secondary funding target deficit of the Whitbread Group Pension Fund at the relevant time, and (ii) if prior to the Pension Fund Covenant Compliance Date, £500.0 million (or £450.0 million if a one-off cash contribution of £50.0 million has been made to the Whitbread Group Pension Fund due to the Group failing to provide valuation reports and certificates of title in relation to the newly secured real estate properties by the applicable deadline), or, if after the Pension Fund Covenant Compliance Date, £450.0 million, as further described in "*1.22—The Group operates a United Kingdom defined benefit pension scheme which has security over some of the Group's properties and to which it may be required to make future additional contributions*" below. If, as a result of a breach of the Pension Fund Financial Covenant, the Group is required to contribute cash to the Whitbread Group Pension Scheme, the Group may not have sufficient cash or assets to repay in full all amounts that would be due and payable. If the Group is unable to repay those amounts, the Trustee could proceed against any security interests granted to it to secure repayment of those amounts. In these circumstances, if the Group's cash and assets are insufficient to repay in full all of the indebtedness that has been accelerated, this could force the Group into bankruptcy or liquidation.

In addition, under the terms of the US Notes, the Revolving Credit Facility and Whitbread Group Pension Fund, there is an event of default in respect of the suspension or cessation of a material or substantial part of the Group's business. As a result of the closure of the Group's hotels and restaurants in connection with the COVID-19 pandemic (for further details see "*1.1—The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known*" above), the Group has

obtained a waiver from the lenders under the Revolving Credit Facility, the holders of the US Notes and the Trustee in respect of this event of default. As a result, the lenders under the Revolving Credit Facility, holders of the US Notes or Trustee cannot seek to enforce any default or event of default against the Group which has resulted from the Group's suspension of business as a result of its hotels and restaurant being closed due to the COVID-19 pandemic until the end of the Covenant Waiver Period (or, in respect of the 2010 US Notes only, until the date falling one month after the applicable governmental authorities remove, retract or rescind their mandated restrictions arising from the COVID-19 pandemic and provided that this closure is in accordance with such mandated restrictions).

The Group's finance agreements also contain a number of covenants that restrict some of the Group's corporate activities, including restrictions on disposals of subsidiaries or assets, on carrying out mergers and other business combinations, on incurring borrowings and on granting security. These covenants are, in most cases, subject to certain exceptions and qualifications. However, despite these exceptions and qualifications, the covenants to which the Group is subject could materially adversely affect the Group's ability to pursue business opportunities and activities that may be in its interest.

1.9. The Group operates in a highly competitive industry and the success of the Group depends on its ability to compete effectively with its competitors

The Group operates in a highly competitive industry and must compete with a wide variety of other hotel chains, local hotel companies and independent hotels, restaurants and food delivery services, some of which may be perceived to offer better value for money.

The Group's hotels business competes with traditional branded and unbranded budget/mid-market hotel operators, online travel agents and third-party distributors, as well as sharing economy platforms with respect to price, facilities, customer service, location, room size and quality. Additionally, new competitors frequently enter the accommodation market. Existing or new competitors may have, among other things, better locations, larger estates, lower operating costs, better facilities, larger and/or better-appointed accommodations, more effective branding or marketing, more attractive food and beverage propositions and more efficient operations. In addition, new market entrants can easily enter the market and compete with the Group, as evidenced by Airbnb and OYO Hotels recently, with different business models and customer propositions, which may ultimately prove more successful.

The traditional budget/mid-market hotel operators the Group competes with are national and international hotel operators, as well as many regional and independent businesses. In the United Kingdom, these include Travelodge, Holiday Inn Express, Ibis Hotels, independent hotel operators as well as other budget/mid-market brands of diversified hospitality companies such as Marriott International, Inc. and Hilton Worldwide Holdings Inc. In Germany, these include Motel One, Holiday Inn Express, Ibis, B&B, Novum, Prizeotel, InterCity and independent hotel operators. Furthermore, the Group may also have to compete against more mid-market/upscale competitors. In the event of a general downturn in United Kingdom or German hotel Occupancy, such as during the period while the COVID-19 pandemic persists, mid-market/upscale hotels might reduce their rates and thereby reduce the differential between the rates currently charged by mid-market/upscale hotels and the rates set by the Group's hotels.

The competitive landscape of the Group's hotel business also includes other types of businesses, such as online travel agents and third-party distributors (including businesses such as Booking.com and Expedia), and sharing economy platforms such as short-term lets of private property like Airbnb.

The Group's restaurants business competes against national and international restaurant and pub chains, as well as against many regional and local businesses, with respect to price, service, location, type of cuisine, customer experience and food quality. Additionally, new competitors frequently enter the casual dining market. Existing or new competitors may have, among other things, better locations, larger estates, lower operating costs, better products, more effective marketing and more efficient operations. The barriers to entry in the restaurant market are even lower than those in the accommodation market.

The competitive landscape of the Group's restaurant business also includes online food-delivery platforms and aggregators, which are expanding choice and convenience for customers, and continue to bring about rapid change in the market, as increasing numbers of customers choose to order food online for home or hotel delivery. It is not possible to accurately predict the long-term effects of the increasing demand for dine-at-home food deliveries on the restaurant industry. If the growth of online

delivery platforms and aggregators reduces customer demand for the dining-out experience this may have a material adverse effect on the Group.

While the Group continues to look for new ways to innovate its hotel and food offerings and its digital and technology platforms, if the Group fails to maintain attractive hotel and restaurant brands and consumer offerings to compete successfully against this wide range of competitors, the Group may fail to retain existing customers or attract new customers, which may have a material adverse effect on its business, financial condition, results of operations and prospects.

1.10. The continued profitability of the Group depends upon management's ability to respond to changes in consumer tastes and trends, and potentially different consumer behaviour following the COVID-19 pandemic

The Group's continued profitability and ability to achieve future growth plans depends in part on its ability to attract consumers and respond to changes in consumer preferences, tastes and purchasing habits and technological developments. The Group must continue to identify and respond to trends in customer purchasing decisions, needs and tastes in a timely manner (including by adapting its strategy and business plan as necessary) and to invest in its hotel propositions, infrastructure and customer offerings. A misjudgement or delayed recognition of trends and customer tastes could lead to a decline in demand for the Group's hotels and restaurants in the short term and, over the long-term, damage its reputation.

Additionally, as noted in "*1.1—The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known*" above, it is possible that patterns of consumer behaviour and their preferences will change, not only during the period while the COVID-19 pandemic persists and while the Group's hotels and restaurants are closed, but also in any period when restrictions are lifted, including potentially in the longer-term after the pandemic is over. Such changes could include a disinclination to travel or an increased preference for virtual meetings using conference or video calls. They could also include a heightened sensitivity to cleanliness and hygiene standards, social distancing measures and the way in which food is prepared and served. See "*2.3—The Group's business may be impacted by changing consumer behaviour during the COVID-19 pandemic and potentially after this pandemic abates*" below. Any changes in consumer preferences, tastes and purchasing habits could, including if the Group cannot adapt its business accordingly, result in diminished demand for the Group's hotels and/or restaurants, which could in turn have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

While the Group continues to identify and respond to trends in customer purchasing decisions, needs and tastes, if its competitors show greater innovation in these areas or if the Group fails to respond appropriately to changes in consumer tastes and trends, the Group may fail to retain or attract new customers which may have a material adverse effect on its business, financial condition, results of operations and prospects.

1.11. The Group's long-term growth strategy of expanding its geographical footprint, particularly in Germany, could expose the business to new risks

Germany has been identified by the Group as the most suitable market for international expansion. The Group's long-term growth strategy of expanding its geographical footprint, particularly in Germany, could expose the business to new risks that it may not have the expertise, capability or the systems to manage. These risks include cultural differences, difficulties in staffing and managing overseas operations as well as inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of foreign countries, or a failure of internal controls and risk management. They also include regulatory and legal requirements affecting the Group's ability to enter new markets, difficulties in obtaining regulatory approvals, environmental permits and other similar types of governmental consents, difficulties in negotiating effective contracts and difficulties in obtaining suitable locations for hotels.

Entry into new geographic markets can involve significant entry costs and requires local market experience and understanding, including the need to integrate with local third-party service providers and competing against competitors who have greater experience in the local market than the Group

does. Additionally, the Group faces the risk of not expanding quickly enough in an international market and therefore not having a business of scale to compete successfully.

Furthermore, as noted in "*1.1—The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known*" above, the Group's expansion plans have also been significantly impacted by the COVID-19 pandemic, which has led to the postponement of the majority of non-committed development Capital Expenditure by the Group and all acquisition activity. Depending on the duration, extent and ultimate impact of the COVID-19 pandemic (or any subsequent outbreak following relaxation of the current public health measures), the Group's expansion plans could be materially delayed.

Even if these risks do not materialise, there can be no guarantee that the growth opportunities identified by the Group will deliver the anticipated levels of profitability and cash flows.

Any of the foregoing may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.12. The Group may seek to expand through acquisitions of businesses and properties or through joint ventures with third-parties, any of which may be unsuccessful or divert management's attention

The Group's growth has, in part, been attributable to acquisitions of other businesses and properties, such as most recently the acquisition of a company with 13 hotels (with an additional six hotels in the committed pipeline) in Germany from Foremost Hospitality Group GmbH ("**Foremost**") on 28 February 2020, and joint ventures, such as the exclusive joint venture with Emirates in the United Arab Emirates and other neighbouring countries. As noted in "*1.1—The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known*" above, the Group's expansion plans have been significantly impacted by the COVID-19 pandemic, which has led to the postponement of the majority of non-committed development Capital Expenditure by the Group and all acquisition activity.

Acquisitions of businesses or properties and joint ventures are subject to risks that could affect the Group's business, and the success of such transactions depends upon the Group's ability to identify suitable acquisition and joint venture opportunities, to assess the value, strengths, weaknesses, liabilities and potential profitability of such acquisition targets or joint ventures and to negotiate acceptable purchase or joint venture terms. Similarly, the Group may not be able to acquire other businesses and properties if it is unable to obtain financing for such acquisitions on attractive terms or at all, and the Group's ability to obtain financing may be restricted by the terms of, among other things, the US Notes, the 2025 Bonds and the Revolving Credit Facility or other indebtedness that may be incurred.

If the Group makes acquisitions or enters into joint ventures, it may not be able to generate expected margins or cash flows, or to realise the anticipated benefits of such acquisitions or joint ventures, including growth or expected synergies. Additionally, the integration of any acquisitions may require more investment than anticipated, and the Group could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers, government authorities (including in relation to issues such as bribery, corruption and data protection) or other parties, which may impact the Group's operating results. While the Group seeks to mitigate these risks through, among other things, due diligence processes and indemnification provisions, it cannot be certain that the due diligence process it conducts is adequate in every circumstance or that the indemnification provisions and other risk mitigation measures the Group puts in place will be sufficient. Any unknown or unanticipated liabilities or contingencies that the Group assumes, or any additional information about the acquired business that adversely affects it (such as issues relating to compliance with applicable laws), could substantially increase the Group's costs. Further, the pursuit of any acquisition or joint venture may demand significant attention from the Group's management that would otherwise be available for day-to-day business operations.

Any of the foregoing may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.13. The Group is exposed to operational risks related to the failure of internal processes, people and systems, including an inability to deal with unexpected external events

Operational risks are inherent in the day-to-day operational activities of running hotels and restaurants and may result in direct or indirect losses that could adversely impact the Group's business despite the processes and systems that the Group implements to address such risks. These losses may result from both internal and external events and risks. Unexpected external events include operational failures by third-party providers, actual or attempted external IT security breaches from parties with criminal or malicious intent, disruptions to the supply chain, natural disasters, concerns with or threats of pandemics, contagious diseases or health epidemics, such as the COVID-19 pandemic, extreme weather events, terrorist attacks, wars and political, security and social events.

Owing to the COVID-19 pandemic, the Group's operational capacity has been and could be further adversely impacted as a consequence of sickness-based absenteeism, remote and disrupted working arrangements and restricted international and local travel. Service quality levels could also be adversely impacted as a consequence of increased booking amendments and cancellations, which could put additional pressure on customer-facing teams that are already diminished as a result of the COVID-19 pandemic. The additional pressure on customer-facing teams could result in an increased propensity for human error, poor customer outcomes and rising remediation costs. The Group's operational risk and resilience profiles could also be adversely impacted as a result of declining effectiveness of third-party support services. See also "*1.1—The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known*" above.

Any of these operational risks could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.14. The Group's business is dependent on the strength of its brands and its reputation, damage to which could adversely impact the performance of the Group

The majority of the Group's hotels currently utilise the "Premier Inn" brand and the Group's ability to attract and retain guests depend on the public recognition of this brand and its associated reputation. The Group's "Premier Inn" brand is, and will continue to be, vulnerable to adverse market or customer perception.

In particular, if the Group is unable to create and maintain consistent, valued, and quality products and guest experiences across its hotel and restaurant portfolio, or if the Group or its business partners fail to act responsibly, this could result in an adverse impact on the reputation of the Group's brands. In addition, the value of the Group's brands could be influenced by a number of external factors outside the Group's control, including changes in applicable regulations related to the hotel industry, the successful commoditisation of hotel brands by online travel agents and intermediaries, or changes in consumers' perceptions of the Group and its brands. The Group needs to continually invest in its business, procedures and brands in order to attract and retain guests. These levels of investment may be reduced, including in the current circumstances resulting from the COVID-19 pandemic, which could have a detrimental effect on the Group's brands and their attractiveness to customers.

In addition, any event that materially damages the reputation of the Group's Premier Inn brand or one or more of the Group's other hotel or restaurant brands, including failures to meet product quality and food safety standards, significant breaches of health and safety standards or events such as fires or other incidents and accidents, may have an adverse impact on the Group's reputation and business and the value of that brand and subsequent revenues from that brand or business. See "*1.16—Health and safety incidents, including those relating to fire safety and food safety, traceability and hygiene, may have a material adverse effect on the Group's brands, business, financial condition, results of operations and prospects*" below.

The Group also depends in a large part on the value of its intellectual property and its continued ability to use its existing trademarks and further develop its brand. Although the Group benefits from registered trademark protection, it may be unable to adequately prevent third-parties from imitating its intellectual property, using similar brands or claiming violation of their own proprietary rights. In addition, even though a trademark has been duly registered, under some local regulations, the fact that a trademark is not used for a certain period of time may render the trademark registration voidable, and the effective and prior use of a name may also prevail over the registration of the

trademark. Litigation may be necessary to enforce the Group's intellectual property rights or to determine the validity and scope of the proprietary rights of others, which could result in substantial costs and diversion of resources. Any damage to the value of the Group's brands, or inability to fully protect the brands, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.15. An increase in the use of online travel agents and third-party distributors to book online hotel reservations could adversely impact the Group's business

In the financial year ended 27 February 2020, 97% of bookings at the Group's hotels in the United Kingdom were made through the Premier Inn website, Premier Inn app, Premier Inn customer contact centre or hotel front desks. The Group therefore has greater control of the guest booking experience and does not have to pay commission fees to third-parties for the majority of bookings at its hotels. However, consumers increasingly use online travel agents and third-party distributors, including search engines, and peer-to-peer online networks to search for and book their lodging accommodation, a trend which the Group believes is more likely to affect its operations outside the United Kingdom, due to the lower levels of customer loyalty and its lower brand recognition compared to the United Kingdom market. As the percentage of Internet reservations increases, online travel agents and third-party distributors may be able to obtain higher commissions and reduced room rates to the detriment of the Group's business. Furthermore, these intermediaries also facilitate the establishment of smaller, independent operators and their marketing, thereby further lowering the barriers to entry in the accommodation market. In addition, the Group's customers may prefer the user experience, appeal or convenience provided by these intermediaries and choose to book through their websites rather than using the Group's direct distribution channels, especially if the Group does not continuously improve its online presence and booking capabilities.

An increase in the use of online travel agents and third-party distributors to make online hotel reservations could therefore result in the Group losing control of the guest booking experience, increase the amount of commission the Group has to pay to such intermediaries and lead to increased competition from independent operators. This could increase the Group's costs, reduce its competitiveness, and therefore have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.16. Health and safety incidents, including those relating to fire safety and food safety, traceability and hygiene, may have a material adverse effect on the Group's brands, business, financial condition, results of operations and prospects

The health and wellbeing of the Group's customers is fundamental to the Group's business. The Group is exposed to the risk that health and safety incidents of varying levels of severity may occur at the hotels and restaurants operated by the Group, which could result in death or personal injury to the Group's customers, employees and/or members of the public. For example, on 17 July 2019, a fire broke out at the Cribbs Causeway Premier Inn, which caused extensive damage to the property leading to, among other things, closure of the hotel. However, no casualties or injuries occurred. In addition to fires—which, depending on the extensiveness and areas affected, time of day and occupancy of the hotel or restaurant when they occur, have the potential to lead to serious injury or even loss of life—other notable health and safety incidents that could occur at the Group's premises include defective building work, electricity strikes, utility leaks, faulty fire and other safety equipment, defective water storage units, scalding water, accidents at children's play areas as well as slippery, uneven or rough surfaces resulting in slips, trips and falls. Should any such incident occur, the Group could face reputational damage, litigation and significant costs. See "*1.14—The Group's business is dependent on the strength of its brands and its reputation, damage to which could adversely impact the performance of the Group*". In addition, while the Group maintains health and safety procedures and insurance coverage to prevent and protect against these events, depending on their nature and other relevant circumstances, not all losses suffered may be preventable or fully recoverable or recovered from the Group's insurance, particularly those related to consequential damage, including the adverse effect that any such incident may have on the Group's reputation and future earnings. See "*1.23—The Group's insurance coverage may not be adequate to cover all possible losses that its properties could suffer, the Group's insurance costs may increase and the Group may not be able to obtain the same insurance coverage in the future*" and "*1.24—The Group faces risks associated with litigation from customers, employees, suppliers, other counterparties, third-parties and others in the ordinary course of business*" below.

Furthermore, food safety, traceability (including in respect of product origins, ingredients and their attributes, through all stages of production, processing and distribution), allergens, hygiene and the perception by customers that products are safe are key to the reputation and business of the Group. As a result, the Group is subject to food safety risks, in particular relating to food-borne illnesses, allergen reactions, new illnesses resistant to preventative measures, contamination or spoilage of fresh produce as a result of inadequate storage or refrigeration, the risk of fraudulent activities in the food chain and counterfeit products, and the potential cost and disruption of a product recall or withdrawal. The COVID-19 pandemic is expected to lead to increased consumer awareness about health and hygiene, which means the impact of any of the risks described above is likely to be heightened in the current environment and going forward.

Additionally, reliance on third-party food suppliers and distributors increases the risk that such incidents could be caused by factors outside the Group's control. Regardless of the source or cause, any report of food-borne illness or other food safety issues, such as food tampering or contamination at one of the Group's locations, could adversely impact the Group's reputation more generally, particularly in light of the considerable increase in the use of social media in recent years, which has compounded the potential scope for negative publicity to be generated by such incidents or allegations of them. The occurrence of food-borne illnesses or food safety issues, as well as potential food products recalls and other health concerns associated with food contamination, could negatively impact the price and availability of affected ingredients—potentially resulting in disruptions in the supply chain, significantly increased costs and reduced margins—as well as causing reputational damage.

Any of the foregoing factors could have a material adverse effect on the Group's brands, business, financial condition, results of operations and prospects.

1.17. The Group's hotels and restaurants are geographically concentrated in the United Kingdom and the Group is therefore disproportionately exposed to events which impact the demand for travel to and within the United Kingdom

A significant portion of the Group's hotels and all of its restaurants are situated in the United Kingdom. In the financial year ended 27 February 2020, the Group derived 99% of its total revenue from its United Kingdom operations and therefore has a greater geographic concentration compared to some of its more international competitors. As a result, any events which materially impact travel to and within the United Kingdom, including geo-political events, actual or threatened acts of terrorism or war, pandemics (including COVID-19 and any associated national or international travel restrictions), travel-related accidents, travel-related industrial action, increased transportation and fuel costs, business and consumer confidence, increased transport related taxes and natural disasters, could disproportionately harm the Group as the majority of its hotels and restaurants would be impacted by such events. This, in turn, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.18. The Group could experience significant disruption to its operations as a result of its dependence on key third-party suppliers

The Group has several key supplier relationships that help ensure the efficient delivery of its multi-site operations and is reliant upon those suppliers performing their obligations in accordance with the terms and conditions agreed between the Group and such suppliers. These key suppliers are therefore vetted and their performance is monitored by the Group.

The Group's key suppliers include those providing IT services, business-to-business customer account management and credit services, construction services, laundry services, food and beverages (including fresh products), energy and other utilities which are especially susceptible to problems arising from delays in the supply chain process, including food safety and hygiene issues. Shortages of, or interruptions in the supply of, products caused by unanticipated demand, problems in production or distribution, disease or food-borne illnesses, pandemics, inclement weather or logistical issues could adversely affect the availability, quality and cost of the food and beverages sold by the Group. See "*1.1—The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known"* above.

The Group is also reliant on one principal logistics supplier and if such supplier were to suffer material disruption of service, were to materially fail to meet agreed service levels or were to experience any natural or other disaster to its distribution centre or any other such difficulties, given the Group's high degree of exposure to such supplier, this may lead to shortages of food, drinks or other suppliers at the Group's hotels and restaurants.

Reliance on third-party suppliers, whether they supply food and beverages, logistics or hotel supplies, increases the risk that any issues in such third-party's supply chain, including safety issues, breaches of laws or regulations, environmental issues, contamination or a general lack of responsible sourcing, could impact the Group and damage its reputation or that of its brands.

Any of the forgoing could cause reputational damage, disruption and result in significant costs associated with sourcing alternative arrangements, among other things, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.19. The implementation of strategic initiatives gives rise to significant execution risks, which may affect the operational capacity of the Group, and the Group may be adversely impacted if these initiatives fail to meet their objectives

The hospitality industry in which the Group operates is characterised by continued improvements in operational infrastructure, including changes in response to customer requirements and preferences and the introduction of new technologies for property management, procurement, reservations, customer loyalty programmes, distribution and other purposes.

In 2016, the Group embarked on an extensive business transformation programme, including upgrading its legacy customer booking systems, property management, website and booking flow and other systems of customer interface and of internal control and risk management, whilst also delivering an ongoing efficiency and cost reduction programme and upgrading its digital capability and customer propositions. In the financial year ended 28 February 2019, the Group stated that its new target was to generate £220 million of operating and capital expenditure savings over the three financial years ending 3 March 2022 (the "**Efficiency Programme**"), £45 million of which was delivered in the financial year ended 27 February 2020. This Efficiency Programme has been temporarily suspended while the Group takes other proactive steps to mitigate, where possible, the negative financial and operational impacts of the COVID-19 pandemic, which are expected to generate savings far in excess of those of the Efficiency Programme. The Group intends to resume the initiatives comprising its Efficiency Programme after the COVID-19 pandemic abates.

Although the various projects comprising the Group's transformation and efficiency programmes are significant in their own right, the increased level of interdependency between the various projects requires a high degree of alignment to enable the successful execution of these programmes in their entirety. The successful execution of the transformation and efficiency programmes has required, and will continue to require, focus from senior management and high levels of cross-business engagement to achieve their various objectives.

Whilst the transformation and efficiency programmes are supported by experienced personnel, the Group may fail to complete the implementation of such programmes due to unexpected cost overruns or loss of key personnel. In light of the COVID-19 pandemic, the Group also faces significant resource constraints to meet the demands of the transformation and efficiency programmes' timely implementation in addition to the Group's ordinary course of business. The pandemic has led to a reduction in capital and operating expenditures across the Group and a postponement of a number of projects within the transformation and efficiency programmes, as well as significant reductions in procurement activities. Furthermore, even after the COVID-19 pandemic abates, it is likely that the financial resources to implement the transformation and efficiency programmes will be more constrained for a certain period of time as a result of the pandemic's financial impact on the Group.

Although the Group believes that the investments required for the transformation and efficiency programmes and its other strategic initiatives should generate returns over time, the Group cannot guarantee that its planned investments will result in increased sales or profitability or greater operational efficiencies and there can be no assurance that, as the various systems and technologies become outdated, the Group will be able to replace them as quickly as its competition or within budgeted costs and timeframes. If any of the Group's strategic initiatives' underlying assumptions prove to be incorrect, if such initiatives cannot be funded or if such initiatives are not effectively prioritised, managed, communicated or implemented, the Group may not be able to realise the

benefits it expects either at all or within its expected timeframes, any of which could result in higher than anticipated costs or otherwise have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.20. The value of the Group's freehold and long-term leasehold properties may decline and the Group is subject to risks and costs associated with its market rent leasehold properties

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. There is a risk that the value of the Group's freehold or long-term leasehold properties, including certain of its offices, may decline materially over time. For example, a slowdown in the property market or in general economic conditions, whether as a result of the COVID-19 pandemic or otherwise, could require the Group to impair the value of its freehold or long-term leasehold properties or result in freehold or long-term leasehold properties being difficult to sell or only being sellable at a lower price than their book value or the price that was paid for them.

The Group also leases a considerable part of its hotels and restaurants on market rent leases and, as a result, the Group is susceptible to changes in the property rental market and increases in its rent costs. As at 27 February 2020, the Group leased properties where 39% of its hotel rooms in the United Kingdom were located on market rent leases, with the carrying value of the Group's property lease liabilities under IFRS 16 amounting to £2,618.8 million as at 27 February 2020, and an average remaining tenure per property on market rent leases of approximately 20 years as at the same date. For the year ended 27 February 2020, the Group's Property Rent expense was £186.8 million. The Group has made certain assumptions about future rent reviews in respect of its leasehold property. If rent reviews were to be agreed at rates higher than currently anticipated, there could be an adverse impact on the Group's business, financial condition, results of operations and prospects. As a substantial leasehold property holder, the Group is exposed to index-linked and variable uplift rent inflation. Leases may also not be renewed in due course or at all. This could result in additional costs being incurred in identifying appropriate or equally suitable alternative premises, which may not be available.

If the Group's lease payments increase or the Group is unable to renew existing leases or lease suitable alternative locations, the Group's profitability may be significantly reduced. Conversely, because some of the Group's hotels or restaurants are held on long-term leases, it may be difficult for the Group to exit a location that is no longer profitable or that the Group deems to no longer be desirable, and the Group may have to incur costs associated with the termination of a lease before its term, in particular if such lease does not provide for a break clause or the penalties to the Group for exercising such break clause are high, including additional payments for dilapidation costs, or for finding replacement tenants in such circumstances. Furthermore, a slowdown in the property market or in general economic conditions, whether as a result of the COVID-19 pandemic or otherwise, could require the Group to impair the value of its right-of-use assets. The Group is also exposed to the risk that the landlords of the Group's leasehold properties do not maintain these properties in accordance with their lease obligations. This could result in such properties falling into disrepair which could adversely affect the Group's brands and reputation and cause legal disputes with the landlords in order to uphold the provisions of the leases.

The Group may seek to close a hotel or restaurant prior to expiry of the relevant lease and assign or sub-lease the property for the remainder of the term of the lease. The Group is potentially subject to a number of contingent liabilities arising from the assignment of its leases, including those assigned in the past when exiting or selling businesses. In the event that any of its assignees should default under such a lease, the lease could revert to the Group and it could then be liable for the fulfilment of the obligations under the lease.

Additionally, the economic environment may at times make it difficult to determine the fair market rent of commercial properties, in particular given the existing environment where other users of commercial property, particularly retailers, have experienced serious financial difficulties, entered into administration or otherwise closed multiple premises. This could impact the quality of the Group's decisions regarding whether or not to obtain new leases and renew expiring leases at negotiated rents or assign its existing leases in a profitable manner. These factors may result, among other things, in significant alterations to rental terms (including increasing rental rates), an inability to effect site renewals or a failure to secure real estate locations that are desirable or profitably assign the Group's

leases, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.21. The Group's planned capital expenditures may not result in the expected improvements in the business, and construction delays or cost overruns during expansion or development projects could adversely affect the operations of the Group

From time to time, the Group may commence development and construction projects on new properties or at its current properties, and may in the future evaluate other expansion opportunities as they become available or engage in additional construction projects. The Group regularly expends capital to construct, extend, repair, maintain and renovate its properties to remain competitive, maintain the value and brand standards of its properties, comply with applicable laws and regulations and to improve the internal infrastructure required to manage the business of the Group. The Group's ability to realise the expected returns on its capital investments is dependent on a number of factors, some of which may be beyond the Group's control, including general economic conditions, changes to construction plans and specifications, delays in obtaining or inability to obtain necessary permits, licenses and approvals, disputes with contractors, shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, weather interference, disruptions to business caused by construction and other unanticipated circumstances or cost increases, particularly in markets which the Group has recently entered, such as Germany.

In addition, the anticipated costs and construction periods for development and construction projects are based upon investment assumptions, conceptual design documents and construction schedule estimates prepared by the Group in consultation with its architects. While the Group believes that the investment assumptions for its planned capital expenditures are reasonable and routinely reviews its capital investments to ensure they generate the Group's expected returns, these costs are estimates and the actual costs may be higher than expected. In addition, it cannot be assured that these investments will be sufficient or that the Group will realise the expected returns on its capital investments, or any returns at all. The Group announced on 24 March 2020 that it has minimised its repair and maintenance capital expenditure and halted all discretionary spending as a result of the COVID-19 pandemic, which creates additional uncertainty as to whether previously anticipated projects will be undertaken and whether their expected benefits will be realised.

Any of the foregoing could materially adversely affect the Group's business, financial condition and results of operations.

1.22. The Group operates a United Kingdom defined benefit pension scheme which has security over some of the Group's properties and to which it may be required to make future additional contributions

The Group provides retirement benefits to certain of its current and former employees through a number of pension arrangements. These include the Whitbread Group Pension Fund. The defined benefit section of the Whitbread Group Pension Fund closed to new entrants on 31 December 2001 and to future benefit accrual on 31 December 2009. As at 27 February 2020, there were 19,853 deferred pensions and 16,371 pensions in payment in the defined benefit section of the Whitbread Group Pension Fund.

The latest actuarial valuation of the Whitbread Group Pension Fund as at 31 March 2017 showed a deficit of £450.0 million on a scheme-specific funding basis. Following the sale of Costa, the Group made a cash contribution of £381.0 million to the Whitbread Group Pension Fund, following which no ongoing deficit recovery contributions are required, Costa was released from its obligations to the Whitbread Group Pension Fund, and new protections were agreed by the Group and Trustee. The arrangements include the Pension Fund Financial Covenant and the provision by the Group of a charge over certain of its real estate properties in favour of the Trustee under which the obligations of various Group companies to make payments to the fund are secured (the "**Charge**"). In light of the COVID-19 pandemic, the Group has obtained a waiver from the Trustee of the Pension Fund Financial Covenant which has been replaced by the Waiver Period Financial Covenants until the Pension Fund Covenant Compliance Date. See *"1.8—The Group is subject to financial covenants and certain restrictive covenants which could result in default by the Company"* above for more details. In connection with this waiver, various amendments have been made to the terms of the pension arrangements, including the Charge. As such, the Company has agreed to charge certain additional real estate properties in favour of the Trustee and, prior to the Pension Fund Covenant Compliance

Date, the secured amount under the Charge has been increased by £50.0 million to £500.0 million. The Group will be required to provide valuation reports and certificates of title in relation to the additional properties by 30 June 2020 or, in certain specified circumstances, by 28 July 2020. If the Group fails to provide the valuation reports and certificates of title by the applicable deadline, it will be required to make a one-off cash contribution of £50.0 million to the Whitbread Group Pension Fund, in which case the secured amount will be reduced again by £50.0 million to £450.0 million.

The Charge can be enforced by the Trustee on the occurrence of an "Event of Default", which includes the Group failing to make payments to the Whitbread Group Pension Fund when they fall due (including any payment triggered as a result of non-compliance by the Group with the Pension Fund Financial Covenant), the Group ceasing to carry on its business or a substantial part thereof or an insolvency event. If an Event of Default were to occur and the Trustee enforced the Charge, it would be able to recover, prior to the Pension Fund Covenant Compliance Date, up to a total value of £500 million (or £450.0 million if a one-off cash contribution of £50.0 million has been made to the Whitbread Group Pension Fund due to the Group failing to provide valuation reports and certificates of title in relation to the newly secured real estate properties by the applicable deadline) and, after the Pension Fund Covenant Compliance Date, up to a total value of £450.0 million.

Contributions to the Whitbread Group Pension Fund of approximately £10.0 million per year continue to be made via a Scottish Limited Partnership asset-backed contribution structure. Such contributions are expected to continue until February 2025.

The deficit of the Whitbread Group Pension Fund is dependent on the market value of the assets of that plan and on the value placed on its liabilities. If the market value of the assets declines or the value of the liabilities increases, as at the date of an actuarial funding valuation of the Whitbread Group Pension Fund, the Group may be required to increase its contributions to the Whitbread Group Pension Fund. A variety of factors, including factors outside the Group's control, may adversely affect the value of the Whitbread Group Pension Fund's assets or liabilities, including interest rates, inflation rates, investment performance and investment strategy, exchange rates, life expectancy assumptions, actuarial data and adjustments, regulatory changes, and the strength of the employer covenant provided to the plan by the Group. If these or other internal and external factors were to become unfavourable, or more unfavourable than they currently are, the Group's required contributions to the Whitbread Group Pension Fund and the costs and net liabilities associated with the Whitbread Group Pension Fund could increase substantially.

The next actuarial valuation of the Whitbread Group Pension Fund will be completed with an effective date of 31 March 2020.

As is the case for all formerly contracted-out defined benefit pension plans in the United Kingdom, the liabilities of the Whitbread Group Pension Fund, and so the funding level, could also be impacted by a 2018 High Court decision requiring the impact of unequalised guaranteed minimum pension benefits provided to men and women to be equalised. In addition, as with many defined benefit pension plans in the United Kingdom, the trustee has the power under the Whitbread Group Pension Fund's governing documentation to wind-up the Whitbread Group Pension Fund in certain circumstances, which if exercised could accelerate and increase funding obligations to the plan.

1.23. The Group's insurance coverage may not be adequate to cover all possible losses that its properties could suffer, the Group's insurance costs may increase and the Group may not be able to obtain the same insurance coverage in the future

The Group may suffer damage to its hotels and restaurants, including fire, natural disasters, acts of war, terrorism or other acts of violence, which could severely disrupt business or subject it to claims by third-parties who are injured or harmed. Although the Group maintains insurance customary in the hospitality industry, including property, public liability, vehicle, directors and officers liability and business interruption insurance, such insurance is subject to deductibles, limits on maximum benefits, including limitations on the coverage period for business interruption, and exclusions, including for pandemics. Due to these variables, the Group may not be able to fully insure such losses, or fully collect, if at all, on claims resulting from severe weather conditions. The Group's insurance policies are not expected to materially mitigate the impact of the COVID-19 pandemic on the Group. The lack of sufficient insurance coverage for these types of acts could expose the Group to heavy losses if any damages occur, directly or indirectly, that could have a significant adverse impact on operations.

1.24. The Group faces risks associated with litigation from customers, employees, suppliers, other counterparties, third-parties and others in the ordinary course of business

The Group is subject to claims and actions incidental to business operation in the ordinary course, whose outcome may not always be predictable, including with customers, suppliers and employees. For example, customer claims relating to disappointing stays, excessive noise, disappointing facilities, accidents, room cleanliness, kitchen hygiene, food allergies, food poisoning and food quality are common in the hospitality industry. Claims can also be made against the Group by suppliers, contractors, consultants and other third-parties with whom the Group does business, for breach of contract or otherwise. The Group could also face the risk of claims of illness, injury or death relating to public liability, including those relating to health and safety incidents, given that it operates commercial establishments that are open to the public. See "*1.16—Health and safety incidents, including those relating to fire safety and food safety, traceability and hygiene, may have a material adverse effect on the Group's brands, business, financial condition, results of operations and prospects*" above.

In addition, there may be a risk of employment claims based on, among other things, discrimination, harassment, wrongful termination and issues such as rest breaks, meal breaks, overtime compensation, allocation of gratuities among staff and holiday pay.

Furthermore, in circumstances where the Group has sold businesses, including Costa, it has given certain warranties and indemnities to the purchasers of such businesses and may have other exposure to third-parties in respect of the disposed business, including for example any undischarged guarantee and indemnity arrangements or other undertakings. A breach of such warranties and indemnities by the Group or any crystallisation of other third-party liabilities could give rise to contractual or other claims and litigation and expose the Group to material losses.

Regardless of whether a claim is successful, involvement in high profile litigation can cause reputational damage to the Group, as well as diverting financial resources and the attention of key personnel away from operating the business. If one or more large claims were successful, or if there is a significant increase in the number of claims, the financial consequences and the adverse publicity could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2. RISKS RELATING TO THE GROUP'S INDUSTRY

2.1. The performance of the Group's business is directly linked to general economic conditions and the political climate in the United Kingdom, which may adversely affect the Group's business, financial condition, results of operations and prospects

The Group operates in the hospitality industry, which means that its sales and profitability have a strong correlation with gross domestic product ("**GDP**"), business confidence and consumer discretionary spending. Business spending and consumer discretionary spending is impacted by general economic conditions and the political climate, including economic performance, interest rates, currency exchange rates, political uncertainty, inflation, unemployment levels, availability of customer credit, taxation rates, stock market performance and consumer confidence. Additionally, the United Kingdom's withdrawal from membership of the European Union and the COVID-19 pandemic have had, and are likely to continue to have, a significant impact on consumer sentiment, general economic conditions and the political climate. For more information on the United Kingdom's withdrawal from membership of the European Union, see "*2.2—The Group is subject to risks in relation to the United Kingdom's uncertain future economic relationship with the European Union resulting from the United Kingdom having withdrawn from membership of the European Union on 31 January 2020 and entered into a transition period during which its future relationship with the European Union is uncertain*" below. The predominant portion of the Group's room count is situated in the United Kingdom. Furthermore, in the financial year ended 27 February 2020, the Group derived 99% of its total revenue from its United Kingdom operations.

The degree to which the COVID-19 pandemic impacts the economic conditions in the United Kingdom depend on future developments, which are highly uncertain and cannot be accurately predicted. These developments may include the duration and spread of the outbreak, its severity, actions taken to contain the virus or mitigate its impact, the extent and effectiveness of economic stimulus packages and how quickly and to what extent normal economic and operating conditions can resume. In the medium- to long-term, if the impact of COVID-19 is prolonged, or further viruses emerge that give rise to similar macro-economic effects, economic conditions will be adversely affected and there could be a further economic downturn in the United Kingdom and the global economy more broadly (which could be widespread, severe and long lasting). See "*1.1—The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known*" above. Should economic conditions deteriorate or political uncertainty increase, customers may choose to reduce their discretionary spending on hotels, eating and drinking out, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.2. The Group is subject to risks in relation to the United Kingdom's uncertain future economic relationship with the European Union resulting from the United Kingdom having withdrawn from membership of the European Union on 31 January 2020 and entered into a transition period during which its future relationship with the European Union is uncertain

Under the terms of the EU Withdrawal Agreement, the United Kingdom withdrew from membership of the European Union on 31 January 2020 and entered into a transition period which is due to expire on 31 December 2020. During the transition period, the majority of rights and obligations associated with membership of the European Union continue to apply to the United Kingdom. The UK Government's intention is to negotiate a trade agreement with the European Union during the transition period. Should the United Kingdom fail to conclude a trade agreement with the European Union by the expiry of the transition period, the United Kingdom will revert to trading with the European Union under the rules of the World Trade Organisation, unless the transition period is extended or other agreements are concluded with the European Union in order to avoid this outcome.

The uncertainty as to when and whether a trade agreement will be concluded with the European Union and what rights and obligations any such agreement will contain will continue to cause both legal and macro-economic uncertainty. Such uncertainty could negatively impact business and consumer confidence and the United Kingdom economic environment. As the majority of the Group's hotels and all of its restaurants are located in the United Kingdom, it will be disproportionately impacted by any risks emerging from changes in the United Kingdom macro-economic environment. This could include reduced demand for the Group's products which could, in turn, result in a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is also exposed to the risk that it may be unable to retain or attract the same numbers of non-British European Union staff (particularly in London and other metropolitan and suburban areas) and may need to hire a substantial number of new staff in order to comply with any reduction in immigration or any new labour and immigration laws in the run up to and following the expiry of the transition period. There can be no assurance that the Group will be able to retain or attract the same or similarly skilled employees as are currently employed.

In addition, depending on the trade agreement agreed between the United Kingdom and the European Union, if any, the Group may experience material disruption to its supply chain. An introduction of customs duties and tariffs on European Union imports into the United Kingdom could result in higher costs for suppliers, which may then be passed on to customers. The imposition of customs checks at borders could increase lead times for deliveries of supplies. Moreover, in the context of weakening economic conditions caused by the COVID-19 pandemic, suppliers may encounter difficulty obtaining external financing or may be adversely affected by factors such as inflation or the weakening of the pound sterling against the US dollar, the euro and other major currencies.

Any of these effects of the United Kingdom having withdrawn from membership of the European Union, and others that cannot be anticipated, could materially adversely impact the Group's business, financial condition, results of operations and prospects.

2.3. The Group's business may be impacted by changing consumer behaviour during the COVID-19 pandemic and potentially after this pandemic abates

It is possible that patterns of consumer behaviour and consumer preferences will change, not only during the period while the COVID-19 pandemic persists, but also in any period when restrictions are being lifted as well as potentially in the longer-term after the pandemic is over. Such changes may include a disinclination to travel, whether for business or leisure, increased working from home, less eating out as consumers become more acquainted with home cooking or online food-delivery platforms and aggregators, and a heightened sensitivity to cleanliness and hygiene standards, social distancing measures and the way in which food is prepared and served. Those changes could, if they cannot be addressed by the Group, result in diminished demand for the Group's hotels and/or restaurants. They could also increase the costs and/or complexity of the Group's operations by, for example, necessitating increased staffing levels. Any of the forgoing may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.4. The Group is exposed to the risk of events that adversely impact domestic or international travel

The Group's business and operations (including Average Room Rates and Occupancy) could be adversely affected by events such as geo-political events, actual or threatened acts of terrorism or war, pandemics, political upheaval, travel restrictions, travel-related accidents, travel-related industrial action, increased transportation and fuel costs, climate change policy and environmental lobbying, increased transport related taxes and natural disasters resulting in reduced domestic or international travel or other local factors impacting individual hotels.

For example, the ongoing COVID-19 pandemic is significantly impacting travel and consequently the demand for hotel rooms. See "*1.1—The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known*" above. Furthermore, terrorist incidents such as the events of 11 September 2001, the London bombings of July 2005, the war in Iraq in 2003 and the terrorist incidents in Paris (November 2015) and Brussels (March 2016) significantly affected international travel and consequently global demand for hotel rooms. Additionally, increases in taxes on travel levied for environmental or other reasons, such as Air Passenger Duty, could reduce domestic and international travel in the markets the Group operates and thereby the demand for the Group's hotels.

The occurrence of the foregoing risks could materially adversely affect the Group's business, financial condition, results of operations and prospects.

2.5. The Group's business is subject to seasonal variations and could be adversely affected by adverse weather conditions or unforeseen events

The Group's results of operations typically vary throughout the year and management expects these variations to continue in the future. There are a number of factors that cause these variations, but the principal factor is that attendance for leisure purposes at the Group's hotels and restaurants is generally higher during holiday periods, including Christmas and bank holidays.

Attendance levels at the Group's hotels and restaurants may also be adversely affected by the weather and the timing of major sporting events. Persistent rain or other inclement weather, such as snow, could have a negative effect on turnover generated by the Group's hotels and restaurants and mean that the Group is unable to recover during the times of the year when attendance levels at the Group's hotels and restaurants are lower. The cancellation of major sporting events, concerts and the like could also have a material adverse effect on the Group's business.

Any of the foregoing may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3. RISKS RELATING TO REGULATION AND LEGISLATION

3.1. The Group is subject to increasingly stringent health, safety and environmental regulations, which could result in increased costs and fines, as well as the potential for reputational damage

The Group is subject to an array of health, safety and environmental regulations (including regulations promulgated and enforced by local, national, European and international authorities) as well as stringent preparation, quality, and nutritional disclosure regulations and standards. In addition, health, safety and environmental regulations are subject to regular change, with a trend towards more stringent requirements.

Any failure to comply with such health and safety regulations may lead to payment of damages or fines, temporary or permanent hotel or restaurant closures, payment of remediation costs and reputational damage. In addition, if the costs of compliance with health, safety and environmental laws and regulations continue to increase and it is not possible to integrate these additional costs into the price of products, any such increases could reduce the profitability of the Group.

A variety of regulations exist at various European Union, United Kingdom national and local levels relating, amongst others, to the handling, preparation and serving of food, cleanliness of food production facilities and hygiene of food-handling personnel, which are enforced primarily at the local public health department level. It cannot be assured that the Group is in full compliance with all applicable laws and regulations at all times or that it will be able to comply with any future laws and regulations. Furthermore, legislation and regulatory attention to food safety is very high, and additional or amended regulations in this area may significantly increase the cost of compliance or expose the Group to liabilities. See "*1.16—Health and safety incidents, including those relating to fire safety and food safety, traceability and hygiene, may have a material adverse effect on the Group's brands, business, financial condition, results of operations and prospects"* above.

Food preparation is associated with numerous potential health and safety hazards to staff, including large ovens, hot surfaces and sharp utensils. The Group risks being subject to employee personal injury claims and investigations by regulatory authorities. There can be no assurance that it has identified all sources of health, safety and environmental risks and the possibility of such incidents occurring cannot be totally eliminated by the Group's compliance processes and procedures. In addition, future changes in health, safety and environmental laws or regulations may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.2. The Group is subject to regulation regarding the use of personal customer data

The Group is subject to regulations in the jurisdictions in which it operates regarding the use of personal data. The Group collects, stores and processes personal data from its customers, business contacts and employees as part of the operation of its business, including credit card numbers, reservation and loyalty data and other personal information, and therefore it must comply with data protection and privacy laws. Those laws generally impose certain requirements on the Group in respect of the collection, retention, use and processing of such personal information. Notwithstanding its efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost, disclosed, retained, stolen or processed in breach of data protection laws. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs.

In the United Kingdom and the European Union, the GDPR introduced the potential for significant new levels of fines for non-compliance of up to 4% of the Group's annual worldwide turnover. The Group will continue to review and develop existing processes to ensure that customer personal data is processed in compliance with the GDPR's requirements, to the extent that they are applicable, and it may be required to expend significant capital or other resources and/or modify its operations to meet such requirements, any or a combination of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, or otherwise harm its reputation. If an actual or perceived breach of the Group's network security occurs or personal data is stolen, it may expose the Group to the loss of information, litigation and liability under data protection laws. This could also result in the loss of the goodwill of the Group's customers and deter new customers.

3.3. Failure to comply with existing regulations, or the introduction of changes to existing laws and regulations, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects

The Group is subject to significant government regulation at a national and local level, including various sanitation, planning permission, licensing, fire and safety standards, as well as laws on anti-trust, bribery and corruption. A failure to comply with one or more regulations could result in the imposition of sanctions, including the closing of hotels or restaurants for an indeterminate period of time or third-party litigation, any of which could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and reputation.

Following the Grenfell Tower tragedy on 14 June 2017 at a local authority residential tower, there has been a United Kingdom-wide review of cladding affixed to residential tower blocks and fire safety procedures in tall buildings. In the aftermath of the tragedy, the Group undertook a full fire safety review of all of its properties. Following Ministry of Housing, Communities and Local Government advice and British Research Establishment testing, remedial works were identified for 24 of the Group's properties. The cost impact of this remedial work is estimated to be approximately £40.5 million as at 27 February 2020, a significant proportion of which the Group is seeking to recover from building contractors. As at the date of this document, all remedial works are expected to be complete in 2021, but until such time as the remedial works are complete the Group remains exposed to the potential risk of liabilities due to the presence of non-conforming combustible cladding material on its properties.

Alcoholic beverage control and licensing regulations relate to numerous aspects of the operations of the Group, including the hours of operation, the handling, storage and dispensing of alcoholic beverages and staff training and qualifications. Vendors of alcoholic beverages are subject to licensing and regulation by governmental and local authorities, pursuant to the United Kingdom Licensing Act 2003 and related laws and regulations. Changes to licensing and regulation could cause the Group to incur additional costs which they may be unable to pass on to their customers, affecting profit margins, or which may lead to higher prices being charged to customers, making eating out less attractive and leading to a decline in sales. The failure to obtain or renew licences for the sale of alcoholic beverages could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Additionally, a change in the VAT or other tax regimes applicable to the business of the Group may result in uncertainty, disruption to operations and implementation costs which they may be unable to pass on to their customers, affecting profit margins, or which may lead to higher prices being charged to customers, making eating out less attractive and leading to a decline in sales.

3.4. Failure to comply with employment laws and regulations, including those relating to immigration, may adversely affect the business

The Group had more than 35,000 employees as at 27 February 2020 and regularly attracts and retains overseas employees who require visas and work permits. The Group is subject to various United Kingdom and European Union regulations governing its relationships with its employees, including such matters as minimum wage requirements, the treatment of part-time workers, employers' National Insurance contributions, overtime and other working conditions. A failure to comply with one or more regulations could result in the imposition of sanctions, third-party litigation or result in reputational damage to the Group, any of which could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and reputation.

Additionally, failure by the Group to comply with immigration laws and regulations could result in financial or other sanctions. Immigration laws and regulations are subject to legislative and administrative changes as well as changes in their application standards and enforcement. The operations of the Group may be adversely affected if changes in immigration laws or regulations impair its ability to hire overseas personnel. The United Kingdom's withdrawal from membership of the European Union is likely to have implications on immigration laws with respect to employees with European Union, but not British, citizenship and these changes may have a material adverse impact on the operations of the Group if the ability to hire or retain such employees is restricted. See also "*1.5—Higher costs, such as labour and other operating costs, could adversely affect the Group's business, financial condition, results of operations and prospects*" above and "*2.2—The Group is subject to risks in relation to the United Kingdom's uncertain future economic relationship with the European Union resulting from the United Kingdom having withdrawn from membership of the European Union on 31 January 2020 and entered into a transition period during which its future relationship with the European Union is uncertain*" above. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

4. RISKS RELATING TO THE RIGHTS ISSUE

4.1. The market price of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights could be subject to volatility

The market price of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights could be subject to significant fluctuations due to a change in sentiment in the market regarding these securities. These fluctuations could result from national and global economic and financial conditions, market perceptions of the Group and its industry and various facts and events, including regulatory changes affecting the Group's operations, market appraisal of the Group's strategy, variations in the Group's operating results and/or business developments of the Group and/or its competitors. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights.

4.2. An active trading market for the Nil Paid Rights may not develop

An active trading market in the Nil Paid Rights may not develop on the London Stock Exchange during the trading period. In addition, because the trading price of the Nil Paid Rights depends on the trading price of the New Ordinary Shares, the Nil Paid Rights price may be volatile and subject to the same risks to which the New Ordinary Shares are subject. The volatility of the price of New Ordinary Shares may also magnify the price volatility of the Nil Paid Rights.

4.3. Shareholders who do not acquire New Ordinary Shares in the Rights Issue will experience dilution in their ownership of the Company

If a Shareholder does not (or is not permitted to) take up the offer of New Ordinary Shares under the Rights Issue, such Shareholder's proportionate ownership and voting interests in the Company will be diluted by up to 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).

4.4. The market price for the New Ordinary Shares may decline below the Rights Issue Price and Shareholders may not be able to sell New Ordinary Shares at a favourable price after the Rights Issue

There is no assurance that the public trading market price of the New Ordinary Shares will not decline below the Rights Issue Price. Should that occur, Qualifying Shareholders will suffer an immediate unrealised loss as a result, which may be significant. Moreover, there can be no assurance that, following the exercise of their rights, Shareholders will be able to sell their New Ordinary Shares at a price equal to or greater than the Rights Issue Price.

Shareholders who decide not to exercise their Nil Paid Rights may also sell or transfer them in full or in part. If the public trading market price of the New Ordinary Shares declines below the Rights Issue Price, investors who have acquired any such Nil Paid Rights in the secondary market will suffer a loss as a result, which may be significant.

Although the Group has no current plans for a subsequent offering of Ordinary Shares, it is possible that it may decide to undertake such an offering in the future. An additional offering could have an adverse effect on the market price of the outstanding New Ordinary Shares.

4.5. The Company's ability to pay dividends is currently restricted and in the future is not guaranteed

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.

Future dividends will also be subject to the financial condition of the Group. Under English company law, a company can only pay cash dividends to the extent that it has distributable reserves and cash

available for this purpose. As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive sufficient dividends from its subsidiaries. These requirements could limit the payment of dividends and distributions to the Company by its subsidiaries, which could in the future restrict the Company's ability to pay a dividend to Shareholders.

4.6. Investors in the Nil Paid Rights, the Full Paid Rights and/or the New Ordinary Shares may be subject to exchange rate risk

The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights are priced in pounds sterling. Accordingly, any investor outside the United Kingdom is subject to adverse movements to their local currency against pounds sterling.

4.7. It may not be possible to effect service of process upon the Company or the Directors or enforce court judgments against the Company or the Directors and the ability of overseas Shareholders to bring actions or enforce judgments against the Company or its Directors may be limited

The Company is a public limited company incorporated in England and Wales. As a result, the rights of Shareholders are governed by English law and the Articles of Association, and may differ from the rights of shareholders in typical US corporations. In addition, the ability of Overseas Shareholders to bring an action against the Company may be limited under English law, and it may not be possible for investors outside of the United Kingdom to effect service of process outside the United Kingdom against the Company or the Directors, or to enforce the judgement of a court outside the United Kingdom against the Company or the Directors. Likewise, Overseas Shareholders may not be able to enforce any judgments under the securities laws of countries other than the United Kingdom against the Directors who are residents of the United Kingdom or countries other than those in which judgment is made, and English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction.

4.8. Overseas Shareholders and holders of ADSs may not be able to acquire New Ordinary Shares in the Rights Issue

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Shareholders in the Rights Issue. In particular, and subject to certain exceptions, Shareholders who are located in the United States may not be permitted to exercise their entitlements under the Rights Issue unless an exemption from the registration requirements is available under the Securities Act. The Rights Issue is not and will not be registered under the Securities Act. In addition, holders of ADSs will not be permitted to receive Provisional Allotment Letters, exercise their Nil Paid Rights or Fully Paid Rights and subscribe for New Ordinary Shares. Any entitlement under the Rights Issue in respect of the Ordinary Shares represented by ADSs will be governed by the terms of the Deposit Agreement and, as such, it is expected that they will, to the extent practicable, be sold by the Depositary, being Deutsche Bank Trust Company Americas, and the proceeds, if any, of that sale would be distributed to holders of ADSs. Distribution of such proceeds would be net of any distribution fees payable to the Depositary and other charges or expenses incurred by the Depositary, taxes and any other governmental charge. Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company.

Qualifying Shareholders who have a registered address in or who are incorporated, registered, resident or located in countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Nil Paid Rights or to acquire Fully Paid Rights or acquire New Ordinary Shares. Any Shareholder who is not entitled to participate in the Rights Issue carried out by the Company will suffer dilution. See "*4.3—Shareholders who do not acquire New Ordinary Shares in the Rights Issue will experience dilution in their ownership of the Company*" above.

4.9. Shareholders may be subject to risks associated with taxation, including United States Tax Withholding and Reporting under the Foreign Account Tax Compliance Act (FATCA)

The United States has enacted rules, commonly referred to as "FATCA", that generally impose a new reporting and withholding regime with respect to certain US source payments (including dividends and interest), gross proceeds from the disposition of property that can produce US source interest and dividends and certain payments made by certain entities that are classified as financial institutions under FATCA. The Company does not expect that withholding under FATCA will apply to payments on the Shares, Nil Paid Rights and/or the Fully Paid Rights. However, significant aspects of whether or how FATCA will apply to non-US issuers like the Company remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments on the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights in the future. Shareholders and prospective investors should consult their own tax advisers regarding the potential impact of FATCA on an investment in the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights.

PART II
IMPORTANT NOTICES

1. GENERAL

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or its own legal, financial or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must carry out their own examination, analysis and enquiry of Whitbread and the terms of the Rights Issue, including the merits and risks involved.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and PR 3.4.1 of the Prospectus Regulation Rules, neither the publication of this document nor any distribution of New Ordinary Shares shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this document or that the information contained herein is correct as of any time subsequent to its date.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, the Group, the Underwriters or any other person involved in the preparation of this document. Any decision to invest in the New Ordinary Shares should be based on a consideration of this document as a whole by the investor. No representation or warranty, express or implied, is made by the Company, the Directors, the Group, the Underwriters or any other person involved in the preparation of this document as to the accuracy or completeness of such information or representation. Nothing contained in this document is, or shall be relied upon as, a promise or representation by the Company, the Directors, the Group, the Underwriters or any other person involved in the preparation of this document as to the past, present or future.

2. NO INCORPORATION OF WEBSITES

The contents of the Company's website (www.whitbread.co.uk) and the contents of any website accessible from hyperlinks on such website (other than the information as set out in Part XIII (*Documents incorporated by reference*)) do not form part of this document and no one should rely on them.

3. FORWARD-LOOKING STATEMENTS

Certain statements in this document relate to the future, including forward-looking statements relating to the Group's financial position and strategy. These statements, including the explanatory wording in this document in relation to the Company's working capital, relate to future events or the future performance of the Company but do not seek in any way to qualify the working capital statement given by the Company. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue' or, in each case, their negative and other variations or other similar or comparable words and expressions. These statements discuss future expectations concerning the Group's results of operations or financial condition, or provide other forward-looking statements.

These forward-looking statements are not guarantees or predictions of future performance, and are subject to known and unknown risks, uncertainties and other factors, including the risk factors set out in the section entitled 'Risk Factors', many of which are beyond the Group's control, and which may cause the Group's actual results of operations, financial condition and the development of the business sectors in which the Group operates to differ materially from those suggested by the forward-looking statements contained in this document. 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. Recipients of this document are cautioned not to put undue reliance on forward-looking statements.

Other than as required by English law, none of the Company, its officers, advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur, in part or in whole.

Additionally, statements of the intentions of the Board and/or Directors reflect the present intentions of the Board and/or Directors, respectively, as at the date of this document and may be subject to change as the composition of the Board alters, or as circumstances require.

The forward-looking statements speak only as at the date of this document. To the extent required by applicable law or regulation (including as may be required by the Companies Act, Prospectus Regulation Rules, Listing Rules, MAR, Disclosure Guidance and Transparency Rules and FSMA), the Company will update or revise the information in this document. Otherwise, the Company as well as the Underwriters expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

4. NO FORECASTS OR ESTIMATES

Nothing in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share or dividend per share for the Company for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for the Company.

5. PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the historical and other financial information presented in this document has been derived from the 2020 Annual Financial Statements, the 2019 Annual Financial Statements and the 2018 Annual Financial Statements each incorporated by reference as set out in Part XIII (*Documents incorporated by reference*). Where financial information for year ended 28 February 2019 and as at 2 March 2018 is presented as restated, this has been derived from the 2020 Annual Financial Statements. Where financial information for year ended 1 March 2018 is presented as restated, this has been derived from the 2019 Annual Financial Statements.

The 2020 Annual Financial Statements, the 2019 Annual Financial Statements and the 2018 Annual Financial Statements are presented in pounds sterling and have been prepared in accordance with IFRS as adopted by the European Union.

5.1 Disposal of Costa

On 3 January 2019, the Group completed the sale of Costa to The Coca-Cola Company ("**Coca-Cola**") for £3.9 billion. The Costa business, which represented the entirety of the Costa operating segment, was classified as a discontinued operation in the financial year ended 28 February 2019. Thus, the Group's income statement for the financial year 1 March 2018 has been restated in the 2019 Annual Financial Statements to reflect the impact of treating Costa as a discontinued operation.

Unless otherwise indicated or the context otherwise requires, where this document contains financial information as at or for the financial year ended 1 March 2018, this has been extracted from the 2019 Annual Financial Statements after restatement to reflect the impact of treating Costa as a discontinued operation. Similarly, any information derived from, or calculated on the basis of, such financial information has, unless otherwise indicated, been so derived, or so calculated (as applicable), on a restated basis.

In addition, unless otherwise indicated, references in this document to "the Group", "Whitbread" and "its" in the context of: (i) the Group's business, refer only to the Group's business excluding the discontinued operation; and (ii) the Group's results of operations, refer only to the results of its continuing operations, excluding the results of the discontinued operations.

5.2 IFRS 16

The Group's consolidated financial statements are prepared and presented in accordance with IFRS. On 13 January 2016, the International Accounting Standards Board ("**IASB**") published IFRS 16 (Leases), and the European Union adopted IFRS 16 on 9 November 2017, to replace IAS 17 and the related IFRIC and SIC interpretations. The new standard provides a single lessee accounting model

without distinction between operating and finance leases, requiring lessees to recognise assets and liabilities for all leases. The most notable exceptions are short-term and low-value leases. As a result, almost all of the Group's leases are now recognised on the balance sheet. IFRS 16 is effective for fiscal years commencing on or after 1 January 2019, with early adoption permitted if IFRS 15 has also been applied.

As many of the Group's leases are long-term property leases, these changes significantly increase both total assets and total liabilities, and have a material impact on key performance metrics, including earnings per share. In the income statement, rental charges for operating leases are replaced with depreciation of the newly recognised asset and interest on the newly recognised lease liability. This in turn impacts some of the Group's key reporting measures, including Adjusted Operating Profit, which will increase as a pre-interest measure, and profit before tax, which decreases as a disproportionate amount of interest is applied at the start of a lease.

The Group has adopted IFRS 16 using the full retrospective method, with the date of initial application being 1 March 2019 but as if IFRS 16 had already been effective at the commencement date of existing lease contracts. The Group elected to use the transition practical expedient, allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 (Leases) at the date of initial application. The Group also elected to use the recognition exemptions for short-term leases, low-value assets and leases of intangible assets. Further to the changes described above, the published results in the 2019 Annual Financial Statements (including the opening balance derived from the 2018 Annual Financial Statements) have been restated in the 2020 Annual Financial Statements. Similarly, any information derived from, or calculated on the basis of, such financial information has, unless otherwise indicated, been so derived, or so calculated (as applicable), on a restated basis. No restatement in relation to IFRS 16 has been made in relation to the published results in the 2018 Annual Financial Statements, other than as necessary to derive the opening balance as at 2 March 2018. Therefore, the restated and reported financial information for the financial year ended 1 March 2018 is not directly comparable to the reported financial information for the financial year ended 27 February 2020 and the restated financial information for the financial year ended 28 February 2019.

6. ALTERNATIVE PERFORMANCE MEASURES

The Group presents certain alternative performance measures ("**APMs**") that are not defined or recognised under IFRS. The Group uses APMs to help evaluate the Group's financial performance, position and cash flows, and the APMs presented are consistent with the Group's internal reporting. The Group believes that the APMs provide an enhanced understanding of the Group's results and related trends and allow for comparisons of the financial performance of the Group's businesses either from one period to another or with other similar businesses.

Several of the Group's APMs are presented on the basis of IFRS requirements prior to the adoption of IFRS 16 (Leases) on 1 March 2019. The Group's pre-IFRS 16 APMs are therefore presented on the basis of the accounting principles of IAS 17. Accordingly, such APMs are derived from information that includes operating lease charges recorded in operating costs in the Group's consolidated income statement on a straight-line basis under IAS 17 rather than depreciation of right-of-use ("**ROU**") assets and interest on lease liabilities as determined under IFRS 16. Such APMs are also derived from information that does not include the carrying value of ROU assets and lease liabilities on the Group's consolidated balance sheet as determined under IFRS 16. As the Group adopted IFRS 16 using a full retrospective transition method, its consolidated financial statements for the financial year ended 27 February 2020 and the restated comparative information for the financial year ended 28 February 2019 included in the 2020 Annual Financial Statements are presented after the impact of the adoption of IFRS 16 and, accordingly, the pre-IFRS 16 APMs for these years are subject to certain additional adjustments in order to present them on a pre-IFRS 16 basis, where applicable. The Group has not presented its results for the financial year ended 1 March 2018 on a restated basis and, therefore, pre-IFRS 16 APMs for this period do not require additional adjustment from the financial information presented in the financial statements for the year ended 1 March 2018 to be on a pre-IFRS 16 basis. The Group presents information on a pre-IFRS 16 basis as it believes that this enables investors to better compare between periods following the adoption of IFRS 16 on 1 March 2019. However, investors should be aware that such pre-IFRS 16 APMs are not prepared in accordance with current IFRS requirements and have additional limitations as set out below.

The following APMs are used by the Group.

- **Adjusted Revenue**—Revenue adjusted to exclude the TSA revenue. The Directors consider this to be a useful measure as TSA income is connected to the disposal of Costa which was a non-recurring event. No further income is expected beyond 2021 as the majority of services having already concluded as of 31 March 2020, with the remaining ones expected to conclude in 2021.
- **Adjusted EBITDA (pre-IFRS 16)**—Profit for the year adjusted to exclude net finance costs, tax expense, depreciation of ROU assets, depreciation of property, plant, and equipment ("**PP&E**"), amortisation, profit from discontinued operations (net of tax), other income, TSA revenue, TSA costs, Costa disposal costs, guaranteed minimum pension costs, disposal, impairment and write-offs of intangible assets and PP&E, provisions for property costs, UK restructuring costs, employment tax settlement costs, Premier Inn international business exit costs, acquisition costs, impairment in joint venture, and removal of IFRS 16 adoption impacts by adding in rent expense net of variable lease payments and rental income.
- **Adjusted EBITDAR**—Profit for the year adjusted to exclude net finance costs, tax expense, depreciation of ROU assets, depreciation of PP&E, amortisation, profit from discontinued operations (net of tax), other income, TSA revenue, TSA costs, Costa disposal costs, guaranteed minimum pension costs, disposal, impairment and write-offs of intangible assets and PP&E, provisions for property costs, UK restructuring costs, employment tax settlement costs, Premier Inn international business exit costs, acquisition costs, impairment in joint venture, variable lease payments, and rental income.
- **Adjusted Operating Profit**—Operating profit adjusted to exclude other income, TSA revenue, TSA costs, Costa disposal costs, guaranteed minimum pension costs, disposal, impairment and write-offs of intangible assets and PP&E, provisions for property costs, UK restructuring costs, employment tax settlement costs, Premier Inn international business exit costs, acquisition costs, and impairment in joint ventures.
- **Adjusted Operating Profit (pre-IFRS 16)**—Further adjusted for the removal of IFRS 16 adoption impacts by excluding ROU asset depreciation and including rent expense.
- **Adjusted Profit before Tax**—Profit before tax adjusted to exclude other income, TSA revenue, TSA costs, Costa disposal costs, guaranteed minimum pension costs, disposal, impairment and write-offs of intangible assets and PP&E, provisions for property costs, UK restructuring costs, tax settlement costs, Premier Inn international business exit costs, acquisition costs, impairment in joint venture, and IAS 19 pension finance costs. The Directors consider the adjusted measures above to be useful as they are aligned with the performance targets of the Group and the basis for executive remuneration, and are commonly used industry metrics which facilitate comparison between companies.
- **Underlying Profit before Tax**—Profit before tax after the adjustments applied to arrive at Adjusted Profit before Tax with the exception of the IAS 19 pension finance cost.
- **Net Debt/(Cash)**—Total current and non-current borrowings after deducting cash and cash equivalents.

  Adjusted Net Debt/(Cash)—Further adjusted to remove cash not readily available ("**restricted cash**") from the balance of cash and cash equivalents.
- **Funds From Operations ("FFO")**—Net Cash Flows from Operating Activities after deducting payment of principal of lease liabilities, and adding back changes in working capital, interest paid—other, interest received, one-off pension payments, and Property Rent adjusted for a proportion of contingent rent.

  Property Rent—IFRS 16 property lease liability payments plus adjustments for deferred rental amounts. This is used as a proxy for rent expense as recorded under IAS 17 in arriving at funds from operations.

  Lease Debt—Eight times adjusted property rent, which is Property Rent less a proportion of contingent rent.

  Lease Adjusted Net Debt / (Cash)—Adjusted Net Debt / (Cash) plus Lease Debt.

  Lease Adjusted Net Debt / FFO—Ratio of Lease Adjusted Net Debt to FFO.

The Group considers these net debt measures to be useful as they form the basis of its leverage targets.

- **Discretionary Free Cashflow**—Cash generated from operations after payments for interest, tax, payment of principal of lease liabilities and maintenance Capital Expenditure. The Group considers this to be a useful measure as it is a good indicator of cash generated which is available to fund future growth or shareholder returns.
- **Adjusted Net Assets for Return on Capital Employed (pre-IFRS 16)**—Net assets adjusted to exclude cash and cash equivalents, current and non-current borrowings, current tax assets, current and deferred tax liabilities, pension surplus, pension deficit, other financial liabilities, derivative financial assets and liabilities, and removal of IFRS 16 adoption impacts by excluding ROU assets, lease liabilities, and IFRS 16 working capital adjustments.
- **Return on Capital Employed ("ROCE") (pre-IFRS 16)**—Ratio of Adjusted Operating Profit (pre-IFRS 16) to Adjusted Net Assets for Return on Capital Employed (pre-IFRS 16).

  The Group considers these to be useful measures as they express the underlying operating efficiency of the Group and are used as the basis for remuneration targets.

The Group also monitors additional financial and operational measures to help evaluate the performance of the Group's portfolio. These additional measures include the following:

- **Like-for-like Sales**—The Group's Like-for-like Sales are calculated by comparing the period over-period change in revenue for outlets open for at least one year, including extensions to existing properties.
- **Total Accommodation Sales**—Premier Inn accommodation revenue excluding non-room income such as food and beverage.
- **Average Room Rate ("ARR")**—Total Accommodation Sales divided by the number of rooms occupied by guests.
- **Occupancy**—Number of hotel bedrooms occupied by guests expressed as a percentage of the number of bedrooms available in the period.
- **Revenue per Available Room ("RevPAR")**—ARR multiplied by Occupancy.
- **Capital Expenditures**—Purchase of property, plant, and equipment; investment in intangible assets; cash paid in advance of acquisitions; acquisition of a subsidiary, net of cash acquired; capital contributions to joint ventures, and loans advanced to joint ventures, all on a continuing basis for the Group excluding Costa.

APMs should not be considered in isolation and investors should not consider such information as alternatives to revenue, profit before tax or cash flows from operations calculated in accordance with IFRS, as indications of operating performance or as measures of the Group's profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS included elsewhere in this document. Investors are cautioned not to place undue reliance on these APMs and are also advised to review them in conjunction with the 2018 Annual Financial Statements, 2019 Annual Financial Statements and the 2020 Annual Financial Statements each incorporated by reference as set out in Part XIII (*Documents incorporated by reference*). Reconciliations for these APMs to the nearest available IFRS measures, where relevant, are contained in section 2 (*Results of operations*) of Part X (*Operating and Financial Review*).

7. ROUNDING

Certain numerical figures contained in this document, including financial information, market data and certain operating data, have been subject to rounding adjustments for ease of presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

8. MARKET AND INDUSTRY INFORMATION

Unless the source is otherwise stated, the market, economic and industry data in this document constitute the Directors' estimates, using underlying data from independent third-parties. Market data and certain industry data and forecasts included in this document have been obtained from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys.

The Company confirms that all third-party data contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third-party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified. While industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. The Company has not independently verified any of the data from third-party sources, nor has the Company ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which the Company believes to be reliable based upon the Directors' knowledge of the industry, have not been independently verified. Statements as to the Group's market position are based on recently available data.

9. AVAILABLE INFORMATION

If, at any time, the Company is neither subject to Section 13 or Section 15(d) of the US Exchange Act of 1934, as amended (the "**US Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company will furnish, upon request, to any holder or beneficial holder of Ordinary Shares, or any prospective purchaser designated by any such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act.

10. ENFORCEMENT OF CIVIL LIABILITIES

The ability of an overseas shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Shares are governed by English law and by the Company's memorandum and articles of association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

An overseas shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. The majority of the Directors and executive officers are residents of the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within that shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of that shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an overseas shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the United Kingdom against the Directors or executive officers who are residents of the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on the foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

PART III

RIGHTS ISSUE STATISTICS

Ordinary Shares in issue as at the Latest Practicable Date	147,009,551 Existing Ordinary Shares
Ordinary Shares in issue as at the Latest Practicable Date (excluding treasury shares)	134,554,833 Existing Ordinary Shares
Number of New Ordinary Shares to be issued pursuant to the Rights Issue	67,277,416 New Ordinary Shares
Basis of Rights Issue	1 New Ordinary Share for every 2 Existing Ordinary Shares
Rights Issue Price (per New Ordinary Share)	1,500 pence
Discount of the Rights Issue Price to the closing price of 2,843 pence per Existing Ordinary Share on 20 May 2020	47.2%
Estimated gross proceeds of the Rights Issue	£1,009 million
Estimated net proceeds of the Rights Issue receivable by Whitbread, after deduction of commissions, fees and expenses	£980 million
New Ordinary Shares as a percentage of Whitbread's enlarged issued share capital immediately following the Rights Issue (excluding treasury shares)	33.3%
Ordinary Shares in issue immediately after the Rights Issue (excluding treasury shares)	201,832,249 Ordinary Shares

PART IV

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Adam Crozier (*Chairman*) Alison Brittain (*Chief Executive*) Nicholas Cadbury (*Group Finance Director*) Louise Smalley (*Group HR Director*) Richard Gillingwater (*Senior Independent Director*) David Atkins (*Independent Non-Executive Director*) Horst Baier (*Independent Non-Executive Director*) Frank Fiskers (*Independent Non-Executive Director*) Chris Kennedy (*Independent Non-Executive Director*) Deanna Oppenheimer (*Independent Non-Executive Director*) Susan Taylor Martin *(Independent Non-Executive Director*)
Company Secretary	Chris Vaughan
Registered office	Whitbread Court Houghton Hall Business Park Porz Avenue Dunstable Bedfordshire LU5 5XE
Joint Sponsors and Underwriters	**J.P. Morgan Securities plc** 25 Bank Street Canary Wharf London E14 5JP **Morgan Stanley & Co. International plc** 25 Cabot Square London E14 4QA United Kingdom
Auditor	**Deloitte LLP** 1 New Street Square London EC4A 3HQ
Legal advisers to the Company	**Slaughter and May** One Bunhill Row London EC1Y 8YY
Legal advisers to the Joint Sponsors and Underwriters	**Freshfields Bruckhaus Deringer LLP** 65 Fleet Street London EC4Y 1HT
Registrar	**Link Asset Services** The Registry 34 Beckenham Road Beckenham, Kent BR3 4TU
Receiving Agent	**Link Asset Services** Corporate Actions The Registry 34 Beckenham Road Beckenham, Kent BR3 4TU

PART V

LETTER FROM THE CHAIRMAN OF WHITBREAD

WHITBREAD

(incorporated in England and Wales under the Companies Act 2006 with registered number 04120344)

Directors

Adam Crozier (Chairman)
Alison Brittain (Chief Executive)
Nicholas Cadbury (Group Finance Director)
Louise Smalley (Group HR Director)
Richard Gillingwater (*Senior Independent Director*)
David Atkins (*Independent Non-Executive Director*)
Horst Baier (*Independent Non-Executive Director*)
Frank Fiskers (*Independent Non-Executive Director*)
Chris Kennedy (*Independent Non-Executive Director*)
Deanna Oppenheimer (*Independent Non-Executive Director*)
Susan Taylor Martin (*Independent Non-Executive Director*)

Registered Office

Whitbread Court
Houghton Hall Business Park
Porz Avenue
Dunstable LU5 5XE

21 May 2020

Dear Shareholder,

Proposed 1 for 2 Rights Issue of 67,277,416 New Ordinary Shares at 1,500 pence per New Ordinary Share

1. INTRODUCTION

Alongside the publication of its results for the year ended 27 February 2020, Whitbread has today announced its intention to raise gross proceeds of £1,009 million by way of a fully underwritten Rights Issue at a price of 1,500 pence per New Ordinary Share.

The purpose of the Rights Issue is to ensure that the Group emerges from the COVID-19 pandemic in the strongest possible position to take advantage of its long-term structural growth opportunities in the United Kingdom and German hotel markets and win market share in a potentially weakened sector. The Group has the number one brand in the United Kingdom budget-branded hotel market with best-in-class operational performance in key areas such as network strength, quality and value, efficient operations and distribution capability. The Group has already taken actions in light of the COVID-19 pandemic to ensure that it has a strong liquidity position and the Rights Issue is intended to provide it with the balance sheet strength necessary to support the continued investment required to deliver its strategy.

The Group's strategy is clear and straightforward: to use the Group'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 the Group in the best possible position to deliver this strategy and returns to Shareholders over the long-term.

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 later in this document.

The Board has also carefully considered the best time to launch a Rights Issue and the risks associated with waiting and launching a Rights Issue or other fundraising later this year. The impact on the balance sheet is most severe whilst the Group's hotels and restaurants remain closed or operating with low Occupancy. Given the risks associated with delaying the Rights Issue on the Company's financial position and the general risk of market conditions worsening if the Covid-19 pandemic involves further or protracted periods of lockdown, the Board believes that the most prudent and sensible approach, in order to support the balance sheet and position the Group to emerge from this pandemic in the best position possible, is to launch the Rights Issue now.

The Group is a market leader in the United Kingdom budget-branded hotel market with the largest network of more than 78,000 rooms, together with a committed pipeline of more than 13,000 rooms, as at 27 February 2020. The Group is also one of the fastest growing hotel chains in Germany where, having opened its first hotel in 2016, it operated six hotels, with a committed pipeline of a further 46 hotels across 26 cities, as at 27 February 2020. Following the refurbishment of a number of the hotels acquired from Foremost, the Group had 17 hotels open and trading in Germany as at the Latest Practicable Date. The Group's Premier Inn proposition targets the largest part of the hotel market—the domestic, short-stay, business and leisure guest. Premier Inn is consistently ranked as the best hotel chain in the United Kingdom for combined value and quality according to YouGov. Across the United Kingdom and Germany, the Group has long-term network potential for more than 110,000 and 60,000 rooms, respectively.

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:

- 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.

Whitbread has a unique, vertically-integrated business model, which combines the ownership of freehold and leasehold property, hotel and restaurant operations, its brands and inventory distribution. This has enabled Whitbread to deliver consistent standards of service to customers and create value from the whole of the operational chain. Over the ten financial years ended 27 February 2020, this approach has enabled the Group to grow at a significantly faster pace than competitors and deliver a superior customer experience and best-in-class operational performance, while generating a strong return on invested capital for Shareholders.

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 investment 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.

Whitbread has a strong track record of delivering investments such as these at attractive rates of return and, subject to short term fluctuations, it expects to continue to deliver a good return in excess of the Group's cost of capital in the long-term.

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. 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 purpose of this letter is to: (i) set out in further detail the background to, and reasons for, the Rights Issue; (ii) summarise the key terms and conditions of the Rights Issue; and (iii) explain why the Board considers the Rights Issue to be in the best interests of the Shareholders.

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. Shareholders should refer to

section 2 (*Action to be taken*) of Part VII (*Terms and Conditions of the Rights Issue*) for a summary of the actions to be taken in respect of the Rights Issue.

2. BACKGROUND TO AND REASONS FOR 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. See risk factor "*1.1—The COVID-19 pandemic has had and is likely to continue to have a disproportionate and material adverse effect on the Group, as would any subsequent outbreak or pandemic, the ultimate impact of which is dependent on the duration and extent of the pandemic and is therefore not yet known*" in Part I (*Risk Factors*).

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 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;
- 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*).

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 described in section 2.3 (*Ensuring a strong balance sheet to support the Group's strategy and investment plans*) of this Part V (*Letter from the Chairman of Whitbread*)), 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. PRINCIPAL TERMS AND CONDITIONS OF THE RIGHTS ISSUE

5.1 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 later in this document.

(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).

5.2 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 this document, 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 this document.

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 this document 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 this document 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*).

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 Group's financial position and performance.

7. 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.

8. WORKING CAPITAL

In the opinion of Whitbread, taking into account the net proceeds of the Rights Issue (being approximately £980 million, after deduction of estimated commissions, fees and expenses), the working capital available to the Group is sufficient for its present requirements (that is, for at least 12 months following the date of this document).

9. FURTHER INFORMATION

Your attention is drawn to the Risk Factors set out on pages 10 to 37 of this document, and to the information set out Part II (*Important Notices*) of this document.

You should not subscribe for any New Ordinary Shares except on the basis of information contained or incorporated by reference into this document.

10. RECOMMENDATION

The Board considers that the Rights Issue is in the best interests of the Shareholders of Whitbread taken as a whole and, as described above, 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

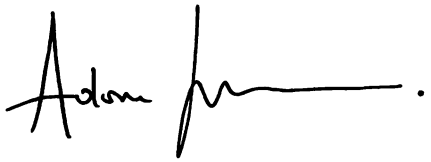
entitlement to subscribe for New Ordinary Shares under the Rights Issue in respect of his or her respective holding of Existing Ordinary Shares.

Whitbread is a strong and much-loved business that has successfully navigated numerous turbulent periods during its proud 278-year history.

The purpose of the Rights Issue is to ensure that the Group 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 a potentially weakened sector.

The Board believes that, owing to the combined strengths of its people, business model and brands, as well as a strong balance sheet and the decisive action being taken to secure a strong liquidity position, the Group is well-placed to overcome this uncertain period and will be in the strongest position possible for the future normalisation of conditions and operations.

Yours sincerely,



Adam Crozier
Chairman

PART VI
QUESTIONS AND ANSWERS ABOUT THE RIGHTS ISSUE

The questions and answers below have been prepared to help Shareholders understand what is involved in the Rights Issue. These are in general terms only and, as such, you should not rely solely on them and should also read Part VII (Terms and Conditions of the Rights Issue) of this document for full details of the action you should take and the terms and conditions applicable to the Rights Issue. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This Part VI deals with general questions relating to the Rights Issue and more specific questions relating to Shareholders who hold Existing Ordinary Shares in certificated form, as well as some more specific questions relating to Shareholders who hold Existing Ordinary Shares in uncertificated form (that is, through CREST). Regardless of how your Existing Ordinary Shares are held, you should read Part VII (Terms and Conditions of the Rights Issue) for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

If you do not know whether your Existing Ordinary Shares are held in certificated or uncertificated form, please call the Shareholder Helpline on 0344 855 2327 (from inside the United Kingdom). The Shareholder Helpline is available from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding United Kingdom public holidays). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Rights Issue or to provide financial, investment or taxation advice.

1. GENERAL

1.1 What is a rights issue?

A rights issue is a way for companies to raise money. Companies do this by giving their existing shareholders a right to subscribe for further shares in proportion to their existing shareholdings.

The offer under this Rights Issue is of 67,277,416 New Ordinary Shares at a price of 1,500 pence per New Ordinary Share. If you are a Qualifying Shareholder other than a Shareholder with a registered address in, subject to certain exceptions, the Excluded Territories, you will be entitled to buy New Ordinary Shares under the Rights Issue. If you hold your Existing Ordinary Shares in certificated form, your entitlement will be set out in your Provisional Allotment Letter.

New Ordinary Shares are being offered to Qualifying Shareholders in the Rights Issue at a discount to the share price on the last Business Day before the date of this document. The Rights Issue Price of 1,500 pence per New Ordinary Share represents a 47.2% discount to the closing price of 2,843 pence per Existing Ordinary Share on 20 May 2020 (the last Business Day before the publication of this document), and 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 the same basis. Because of this discount and while the market value of the Existing Ordinary Shares exceeds the Rights Issue Price, the right to subscribe for the New Ordinary Shares is potentially valuable.

The Rights Issue will be made on the basis of 1 New Ordinary Share for every 2 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If you do not want to buy the New Ordinary Shares to which you are entitled, you can instead sell or transfer your rights to those New Ordinary Shares (called Nil Paid Rights) and receive the net proceeds, if any, of the sale or transfer in cash. This is referred to as dealing “nil paid”.

1.2 Will Shareholders be entitled to vote on the Rights Issue?

No, the Rights Issue does not require new shareholder approval. The Company is relying on existing shareholder approvals granted under sections 551 and 570 of the Companies Act pursuant to resolutions passed at the Company’s 2019 Annual General Meeting. No general meeting of Shareholders or other Shareholder vote will, therefore, take place in connection with the Rights Issue.

1.3 I understand that there is a period when there is trading in the Nil Paid Rights. What does this mean?

If you do not want to buy the New Ordinary Shares being offered to you under the Rights Issue, you can instead sell or transfer your rights (called Nil Paid Rights) to acquire those New Ordinary Shares and receive the net proceeds, if any, of that sale or transfer in cash. This is referred to as dealing "nil paid". This means that, during the Rights Issue offer period (i.e. between 8.00 a.m. on 26 May 2020 and 11.00 a.m. on 9 June 2020), you can either trade Ordinary Shares (which will not carry any entitlement to participate in the Rights Issue) or you can, subject to demand and market conditions, trade in the Nil Paid Rights.

1.4 Can I sell some rights and use the proceeds to take up my remaining rights?

This is known as a Cashless Take-up or "tail-swallowing". You should contact your stockbroker or financial adviser who may be able to help if you wish to do this. Alternatively, if you are an individual certificated shareholder (including legal representatives such as executors whose details have been registered with the Registrars) aged 18 or over (in the case of natural persons), who are resident in the United Kingdom or the EEA (or any other country confirmed by Link Asset Services in writing), you can use the Special Dealing Service (see section 2.4(E) below) operated by Link Asset Services. Please note that your ability to sell your rights through this service is dependent on demand for such rights and that the price for Nil Paid Rights may fluctuate. Please also ensure that you allow enough time so as to enable the person acquiring your rights to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 9 June 2020.

2. ORDINARY SHARES IN CERTIFICATED FORM

2.1 I hold my Existing Ordinary Shares in certificated form. How do I know if I am eligible to acquire New Ordinary Shares under the Rights Issue?

If you receive a Provisional Allotment Letter and are not a Shareholder with a registered address in, subject to certain exceptions, any of the Excluded Territories, then you should be eligible to acquire New Ordinary Shares under the Rights Issue (as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 26 May 2020 (the time when the Existing Ordinary Shares are expected to be marked "ex-rights" by the London Stock Exchange)).

2.2 How many New Ordinary Shares will I be entitled to acquire?

Box 2 on the Provisional Allotment Letter shows the number of New Ordinary Shares you will be entitled to buy if you are a Qualifying Non-CREST Shareholder. You will be entitled to acquire at the Rights Issue Price 1 New Ordinary Share for every 2 Existing Ordinary Shares you held at close of business on 19 May 2020 (the Record Date for the Rights Issue). All Qualifying Non-CREST Shareholders (other than Shareholders with a registered address in, subject to certain exceptions, any of the Excluded Territories) will be sent a Provisional Allotment Letter.

2.3 I hold my Existing Ordinary Shares in certificated form. What do I need to do in relation to the Rights Issue?

If you hold your Existing Ordinary Shares in certificated form and do not have a registered address in, subject to certain exceptions, any of the Excluded Territories, you will be sent a Provisional Allotment Letter that shows: (a) in Box 1, how many Existing Ordinary Shares you held at the close of business on 19 May 2020 (the Record Date for the Rights Issue); (b) in Box 2, how many New Ordinary Shares you are entitled to buy pursuant to the Rights Issue; and (c) in Box 3, how much you need to pay if you want to take up your right to subscribe for all the New Ordinary Shares provisionally allotted to you in full. Question 2.4 below gives more details regarding the choices available to you.

If you have a registered address in, subject to certain exceptions, any of the other Excluded Territories, you will not receive a Provisional Allotment Letter.

2.4 I am a Qualifying Shareholder with a registered address in the United Kingdom and I hold my Existing Ordinary Shares in certificated form. What are my options and what should I do with the Provisional Allotment Letter?

(A) If you want to take up all of your rights

If you want to take up all of your rights to acquire all of the New Ordinary Shares to which you are entitled, you need to tick Box A on the Provisional Allotment Letter and send the Provisional Allotment Letter, together with your cheque or banker's draft in pounds sterling made payable to "Link Market Services Limited RE: Whitbread Rights Issue Acceptance Account" and crossed "A/C payee only" for the amount shown in Box 3 of the Provisional Allotment Letter, detailing the Allotment Number (which is on page 1 of the Provisional Allotment Letter) and your surname on the reverse of the cheque or banker's draft, by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to be received by 11.00 a.m. on 9 June 2020. Within the United Kingdom only, you can use the reply-paid envelope provided with the Provisional Allotment Letter. Please allow sufficient time for delivery. Full instructions are set out in Part VII *(Terms and Conditions of the Rights Issue)* and in the Provisional Allotment Letter.

Please note third-party cheques may not be accepted other than building society cheques or banker's drafts.

If payment is made by a building society cheque (not being drawn on account of the applicant) or a banker's draft, the building society or bank should insert details of the name of the account holder and have either added the building society or bank branch stamp, or have provided a supporting letter confirming the source of funds. A definitive share certificate will then be sent to you for the New Ordinary Shares that you take up. Your definitive share certificate for New Ordinary Shares is expected to be despatched to you by no later than 23 June 2020.

You will need your Provisional Allotment Letter to be returned to you if you want to deal in your Fully Paid Rights. Your Provisional Allotment Letter will not be returned to you unless you tick the appropriate box on the Provisional Allotment Letter.

(B) If you do not want to take up your rights at all

If you do not want to take up any of your rights, you do not need to do anything. If you do not return your Provisional Allotment Letter subscribing for the New Ordinary Shares to which you are entitled by 11.00 a.m. on 9 June 2020, the Company has made arrangements under which the Underwriters will try to find investors to take up your rights and the rights of others who have not taken them up. If the Underwriters do find investors who agree to pay a premium above the Rights Issue Price and the related expenses of procuring those investors (including any applicable brokerage and commissions and amounts in respect of value added tax), you will be sent a cheque for your share of the amount of that premium provided that this is £5.00 or more. Cheques are expected to be dispatched by no later than 23 June 2020 and will be sent to your existing address appearing on the register of members of the Company (or to the first-named holder if you hold your Existing Ordinary Shares jointly). If the Underwriters cannot find investors who agree to pay a premium over the Rights Issue Price and related expenses so that your entitlement would be £5.00 or more, you will not receive any payment, and any amounts of less than £5.00 will be aggregated and will accrue for the benefit of the Company.

Alternatively, if you do not want to take up your rights, you can sell or transfer your Nil Paid Rights (see question 2.4(D) below).

(C) If you want to take up some but not all of your rights

If you want to take up some, but not all, of your rights and to transfer some or all of those you do not want to take up, or you wish to transfer all of the Nil Paid Rights or (if appropriate) Fully Paid Rights, but to different persons, you should first apply to have your Provisional Allotment Letter split (unless you elect to sell all of your Nil Paid Rights or to effect a Cashless Take-up through the Special Dealing Service operated by Link Asset Services) by completing Form X on page 4 of the Provisional Allotment Letter, and returning it by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (so as to be received by 3.00 p.m. on 5 June 2020), together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights to be comprised in each split

Provisional Allotment Letter. You should then deliver the split Provisional Allotment Letter representing the New Ordinary Shares that you wish to accept together with your cheque or banker's draft to the Receiving Agent (see question 2.4(A) above) to be received by 11.00 a.m. on 9 June 2020.

Alternatively, if you only want to take up some of your rights (but not sell some or all of the rest), you should tick Box B on page 1 of the Provisional Allotment Letter and write in the boxes opposite the number of New Ordinary Shares you wish to acquire and the amount payable (at 1,500 pence per New Ordinary Share). You should then sign and date Form X on the Provisional Allotment Letter and return it with a cheque or banker's draft in pounds sterling, in accordance with the provisions set out in the Provisional Allotment Letter. In this case the Provisional Allotment Letter and cheque or banker's draft must be received by 11.00 a.m. on 9 June 2020.

Further details are being set out in Part VII *(Terms and Conditions of the Rights Issue)* and will be set out in the Provisional Allotment Letter.

(D) If you want to sell all of your rights

If you want to sell all of your rights but do not wish to use the Special Dealing Service operated by Link Asset Services, you should complete and sign Form X on the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and pass the entire letter to your stockbroker, bank manager or other appropriate financial adviser or to the transferee (provided they are not in any of the Excluded Territories). Please note that your ability to achieve a sale of your rights is dependent on the demand for such rights and that the price for the Nil Paid Rights may fluctuate. Please ensure, however, that you allow enough time so as to enable the person acquiring your rights to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 9 June 2020.

(E) If you want to use the Special Dealing Service operated by Link Asset Services

If you are an individual certificated shareholder (including legal representatives such as executors whose details have been registered with the Registrars) aged 18 or over (in the case of natural persons), who are resident in the United Kingdom or the EEA (or any other country confirmed by Link Asset Services in writing), you can use the Special Dealing Service operated by Link Asset Services to either (i) sell all of your Nil Paid Rights or (ii) sell a sufficient number of Nil Paid Rights to raise money to take up the remainder of your rights (that is, effect a Cashless Take-up).

If you want to use the Special Dealing Service operated by Link Asset Services to sell all of your Nil Paid Rights, you should tick Box C in Part 2A on page 1 of your Provisional Allotment Letter, complete, sign and date Part 2B on page 1 of your Provisional Allotment Letter and return it by post or by hand (during normal business hours) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by 11.00 a.m. on 3 June 2020.

If you wish to sell sufficient Rights represented by your Provisional Allotment Letter to enable you to take up your remaining entitlements using the Special Dealing Service (i.e. effect a Cashless Take-up), you should tick Box D in Part 2A on page 1 of your Provisional Allotment Letter, complete, sign and date Part 2B on page 1 of your Provisional Allotment Letter and return it by post or by hand (during normal business hours) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (so as to be received by 11.00 a.m. on 3 June 2020).

Link Asset Services will charge a commission of 1% of the gross proceeds of any sale of Nil Paid Rights effected using the Special Dealing Service, subject to a minimum of £25.00 per holding. Due to the minimum charge, the Special Dealing Service may not be cost effective for all Qualifying Non-CREST Shareholders. For example, in relation to Qualifying Non-CREST Shareholders selling a small holding, it is possible that in certain circumstances the administration charge may be more than the value of sale proceeds.

You should be aware that by returning your Provisional Allotment Letter and electing to use the Special Dealing Service, you will be deemed to be agreeing to the Special Dealing Service Terms and Conditions and make a legally binding agreement with the Registrar on those terms. The Special Dealing Service Terms and Conditions will be posted to you together with the Provisional Allotment Letter if you hold your Existing Ordinary Shares in certificated form. For the avoidance of doubt, Whitbread shall have no responsibility or liability to Shareholders in respect of the Special Dealing Service which is solely the responsibility of Link Asset Services.

Further details about the Special Dealing Service are set out in section 3.7 (*Special Dealing Service*) of Part VII (*Terms and conditions of the Rights Issue*) of this document.

2.5 I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive a Provisional Allotment Letter?

If you do not receive a Provisional Allotment Letter but hold your Existing Ordinary Shares in certificated form, this probably means that you are not able or entitled to acquire New Ordinary Shares under the Rights Issue. Some Qualifying Non-CREST Shareholders, however, will not receive a Provisional Allotment Letter but may still be eligible to acquire New Ordinary Shares under the Rights Issue, namely:

(A) Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on the Record Date and who have converted them to certificated form;

(B) Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before the Ex-Rights Date and who hold such Shares in certificated form but were not registered as the holders of those Existing Ordinary Shares at the close of business on the Record Date; and

(C) certain Overseas Shareholders who can prove that the offer under the Rights Issue can lawfully be made to them without contravention of any relevant legal requirements.

If you do not receive a Provisional Allotment Letter but think that you should have received one, please contact the Shareholder Helpline on 0344 855 2327 (from inside the United Kingdom). The Shareholder Helpline is available from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding United Kingdom public holidays). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Rights Issue or to provide financial, investment or taxation advice.

2.6 I hold my Existing Ordinary Shares in certificated form. If I take up my rights, when will I receive the certificate representing my New Ordinary Shares?

If you take up your rights under the Rights Issue, share certificates for the New Ordinary Shares are expected to be posted by no later than 23 June 2020.

2.7 I hold my Existing Ordinary Shares in certificated form. What if I want to sell the New Ordinary Shares for which I have paid?

Provided the New Ordinary Shares have been paid for and you have requested the return of the receipted Provisional Allotment Letter, you can transfer the Fully Paid Rights by completing Form X (the form of renunciation) on the receipted Provisional Allotment Letter in accordance with the instructions set out in the Provisional Allotment Letter until 11.00 a.m. on 9 June 2020. After that time, you will be able to sell your New Ordinary Shares in the normal way. The share certificate relating to your New Ordinary Shares is expected to be dispatched to you by no later than 23 June 2020. Pending despatch of the definitive share certificates, instruments of transfer of the New Ordinary Shares will be certified by the Registrar against the register.

Further details are set out in Part VII *(Terms and Conditions of the Rights Issue)*.

2.8 How do I transfer my rights into the CREST system?

If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your New Ordinary Shares to be in uncertificated form, you should complete Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter). Further details on how to deposit Nil Paid Rights or Fully Paid Rights into CREST are set out further in section 3.10 (*Deposit of Nil Paid Rights or Fully Paid Rights into CREST*) of Part VII *(Terms and Conditions of the Rights Issue)* and in the Provisional Allotment Letter.

If you have transferred your rights into the CREST system, you should refer to section 4 (*Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights or Fully Paid Rights in CREST)* of Part VII *(Terms and Conditions of the Rights Issue)* for details on how to pay for the New Ordinary Shares.

3. ORDINARY SHARES IN CREST

3.1 How do I know if I am eligible to participate in the Rights Issue?

If you are a Qualifying CREST Shareholder (save as mentioned below), and on the assumption that the Rights Issue proceeds as planned, your CREST stock account will be credited with your entitlement to Nil Paid Rights on 26 May 2020. The stock account to be credited will be the account under the participant ID and member account ID that apply to your Ordinary Shares at close of business on the Record Date. The Nil Paid Rights and the Fully Paid Rights are expected to be enabled after 8.00 a.m. on 26 May 2020. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to check that your account has been credited with your entitlement to Nil Paid Rights. The CREST stock accounts of Excluded Shareholders will not be credited with Nil Paid Rights. Excluded Shareholders should refer to section 7 (*Overseas Shareholders*) of Part VII *(Terms and Conditions of the Rights Issue)*.

3.2 How do I take up my rights using CREST?

If you are a Qualifying CREST Shareholder and wish to take up and pay your rights, you should refer to the instructions set out in Part VII *(Terms and Conditions of the Rights Issue)*.

If you are a CREST member, you should ensure that a Many-to-Many ("**MTM**") instruction has been inputted and has settled by 11.00 a.m. on 9 June 2020 in order to make a valid acceptance. If your Ordinary Shares are held by a nominee or you are a CREST sponsored member, you should speak directly to the agent who looks after your stock or your CREST sponsor (as appropriate) who will be able to help. If you have further questions, particularly of a technical nature regarding acceptance through CREST, you should call the CREST Service Desk on 0845 964 5648 (or +44 (0)20 7849 0199 if you are calling from outside the United Kingdom).

3.3 How many New Ordinary Shares will I be entitled to acquire?

If you are eligible to participate in the Rights Issue, your stock account will be credited with Nil Paid Rights in respect of the number of New Ordinary Shares which you are entitled to acquire, and will be entitled to 1 New Ordinary Share for every 2 Existing Ordinary Shares you held at close of business on the Record Date. You can also view the claim transactions in respect of purchases/sales effected after this date, but before the Ex-Rights Date. If you are a CREST sponsored member, you should contact your CREST sponsor.

3.4 If I take up my rights, when will New Ordinary Shares be credited to my CREST account(s)?

If you take up your rights under the Rights Issue, it is expected that New Ordinary Shares will be credited to the CREST stock account in which you hold your Fully Paid Rights on 10 June 2020.

4. FURTHER PROCEDURES FOR ORDINARY SHARES WHETHER IN CERTIFICATED FORM OR IN CREST

4.1 If I buy Ordinary Shares after the Record Date will I be eligible to participate in the Rights Issue?

If you bought Ordinary Shares after close of business on the Record Date but prior to 8.00 a.m. on 26 May 2020 (the time when the Existing Ordinary Shares are expected to start trading ex-rights on the London Stock Exchange), you may be eligible to participate in the Rights Issue. If you are in any doubt, please consult your stockbroker, bank manager or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Ordinary Shares at or after 8.00 a.m. on 26 May 2020, you will not be eligible to participate in the Rights Issue in respect of those shares.

4.2 What if the number of New Ordinary Shares to which I am entitled is not a whole number: am I entitled to fractions of New Ordinary Shares?

Your entitlement to New Ordinary Shares will be calculated at close of business on the Record Date (other than in the case of those who bought shares after close of business on the Record Date but prior to 8.00 a.m. on 26 May 2020 who may be eligible to participate in the Rights Issue). If the result is not a whole number, you will not receive a New Ordinary Share in respect of the fraction of a New Ordinary Share and your entitlement will be rounded down to the nearest whole number. The New

Ordinary Shares representing the aggregated fractions that would otherwise be allotted to Shareholders will be sold in the market ultimately for the benefit of the Company.

4.3 Will I be taxed if I take up or sell my rights or if my rights are sold on my behalf?

The following comments are by way of general guidance and assume, amongst other things, that you hold your Ordinary Shares as an investment.

If you are resident in the United Kingdom for tax purposes, you should not have to pay United Kingdom tax when you take up your rights, although the Rights Issue will affect the amount of United Kingdom tax you may pay when you subsequently sell any or all of your Ordinary Shares. However, you may (subject to any available exemption or relief) be subject to capital gains tax on any proceeds that you receive from the sale of your rights (unless, generally, the proceeds do not exceed £3,000 or, if higher, 5% of the market value of your Existing Ordinary Shares on the date of sale, although in that case the amount of United Kingdom tax you may pay when you subsequently sell all or any of your Ordinary Shares may be affected).

Further information on taxation in the United Kingdom and the United States with regard to the Rights Issue and the holding of New Ordinary Shares is contained in Part XI *(Taxation)*. Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible. Please note that the Shareholder Helpline will not be able to assist you with taxation issues.

4.4 What if I hold options and awards under the Share Plans?

Participants in the Share Plans will be advised separately of adjustments (if any) to their options and awards as a result of the Rights Issue.

4.5 What should I do if I live outside the United Kingdom?

Whilst you will participate in the Rights Issue, your ability to take up rights to New Ordinary Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your rights. Shareholders resident outside the United Kingdom should refer to section 7 (*Overseas Shareholders*) of Part VII *(Terms and Conditions of the Rights Issue)*.

If as a result of the laws of certain jurisdictions you are unable to participate in the Rights Issue, the Company has made arrangements under which the Underwriters will try to find investors to take up your rights alongside those of other Qualifying Shareholders who have not taken up their rights. If the Underwriters do find investors who agree to pay a premium above the Rights Issue Price and the related expenses of procuring those investors (including any applicable brokerage and commissions), you will be sent a cheque for your share of the amount of that premium provided that this is £5.00 or more. Cheques are expected to be dispatched no later than 23 June 2020 and will be sent to your address appearing on the register of members of the Company (or to the first-named holder if you hold your Existing Ordinary Shares jointly). If the Underwriters cannot find investors who agree to pay a premium over the Rights Issue Price and related expenses so that your entitlement would be £5.00 or more, you will not receive any payment and any amounts of less than £5.00 will be aggregated and will ultimately accrue for the benefit of the Company.

4.6 What should I do if I think my holding of Existing Ordinary Shares is incorrect?

If you are concerned about the figure in the Provisional Allotment Letter or otherwise concerned that your holding of Existing Ordinary Shares is incorrect please contact the Shareholder Helpline on 0344 855 2327 (from inside the United Kingdom). The Shareholder Helpline is available from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding United Kingdom public holidays). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Rights Issue or to provide financial, investment or taxation advice.

Your attention is drawn to the further terms and conditions of the Rights Issue in Part VII *(Terms and Conditions of the Rights Issue)* and, in the case of Qualifying Non-CREST Shareholders, in the Provisional Allotment Letter.

PART VII
TERMS AND CONDITIONS OF THE RIGHTS ISSUE

1. INTRODUCTION

Subject to the fulfilment of the terms and conditions set out below, the New Ordinary Shares are being 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 at close of business on the Record Date (and so on in proportion for any other number of Existing Ordinary Shares then held) and otherwise on the terms and conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letter).

If a Qualifying Shareholder does not (or is not permitted to) take up their entitlement to any New Ordinary Shares under the Rights Issue, such Qualifying Shareholder's shareholding in Whitbread will be diluted by up to 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). Those Qualifying Shareholders who take up the New Ordinary Shares provisionally allotted to them in full will, subject to the rounding down of any fractions, retain the same proportionate voting and distribution rights as they had at close of business on the Record Date.

The Nil Paid Rights (also described as New Ordinary Shares, nil paid) are entitlements to acquire New Ordinary Shares subject to payment of the Rights Issue Price. The Fully Paid Rights (also described as New Ordinary Shares, fully paid) are entitlements to receive the New Ordinary Shares, for which payment has already been made.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings to calculate entitlements under the Rights Issue.

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 by the Underwriters (by way of an issue of New Ordinary Shares to acquirers procured by the Underwriters) or otherwise acquired by the Underwriters as principals (or sub-underwriters or placees procured by the Underwriters) pursuant to the Underwriting Agreement. The net proceeds of such sales (after deduction of expenses) will be aggregated and an equivalent amount will accrue for the ultimate benefit of the Company.

Qualifying Shareholders with fewer than two Existing Ordinary Shares at close of business on the Record Date will not be offered any New Ordinary Shares in the Rights Issue.

The attention of Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Rights* Issue). In particular, subject to certain exceptions, Qualifying Shareholders with registered addresses in any of the Excluded Territories and holders of ADSs have not been and will not be sent Provisional Allotment Letters and have not had and will not have their CREST stock accounts credited with Nil Paid Rights.

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 the 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 Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is required for the New Ordinary Shares and all of the New Ordinary Shares when issued and fully paid may be held and transferred by means of CREST. Applications have been made for the Nil

Paid Rights and the Fully Paid Rights to be admitted to CREST. Euroclear UK requires Whitbread to confirm to it that certain conditions are satisfied before Euroclear UK will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the Nil Paid Rights and the Fully Paid Rights on Admission. As soon as practicable after satisfaction of the conditions, Whitbread will confirm this to Euroclear UK.

The Rights Issue is fully underwritten by the Underwriters and 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).

The Underwriting Agreement is conditional upon certain matters being satisfied prior to Admission of Nil Paid Rights and may be terminated by the Underwriters before Admission of Nil Paid Rights upon the occurrence of certain specified events, in which case the Rights Issue will be revoked and will not proceed. The Underwriting Agreement is not capable of termination following Admission of Nil Paid Rights. The Underwriters may arrange sub-underwriting for some, all or none of the New Ordinary Shares. A summary of the principal terms of the Underwriting Agreement is set out in section 10 (*Material contracts*) of Part XII (*Additional Information*).

Whitbread reserves the right to decide not to proceed with the Rights Issue at any time before Admission of Nil Paid Rights and commencement of dealings in the New Ordinary Shares (nil paid).

The Underwriters may, in accordance with applicable legal and regulatory provisions and subject to certain restrictions in the Underwriting Agreement, engage in transactions in relation to the Nil Paid Rights and the Ordinary Shares. The Underwriters may coordinate a sell-down in the event that any underwriting crystallises as a result of the Rights Issue. Except as required by applicable law or regulation, the Underwriters do not propose to make any public disclosure in relation to such transactions.

Subject to the above conditions being satisfied and save as provided in section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Rights Issue*) in respect of Overseas Shareholders, it is intended that:

(i) the Provisional Allotment Letters will be despatched to Qualifying Non-CREST Shareholders on or about 22 May 2020;

(ii) the Receiving Agent will instruct Euroclear UK to credit the appropriate stock accounts of Qualifying CREST Shareholders with such Shareholders' entitlements to Nil Paid Rights, as soon as possible after 8.00 a.m. on 26 May 2020;

(iii) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by Euroclear UK as soon as practicable after Whitbread has confirmed to Euroclear UK that all the conditions for admission of such rights to CREST have been satisfied, which is expected to be as soon as possible after 8.00 a.m. on 26 May 2020;

(iv) the New Ordinary Shares will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders (or their renouncees) who validly take up their rights as soon as possible after 8.00 a.m. on 10 June 2020; and

(v) the share certificates for the New Ordinary Shares to be held in certificated form will be despatched to relevant Qualifying Non-CREST Shareholders (or their nominees) who validly take up their rights no later than 23 June 2020.

Subject to the above conditions being satisfied and save as provided in section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Rights Issue***)** in respect of Overseas Shareholders, the offer will be made to Qualifying Non-CREST Shareholders by way of the Provisional Allotment Letter (as described in step (i) above) and to Qualifying CREST Shareholders by way of the enablement of the Nil Paid Rights and the Fully Paid Rights (as described in step (iii) above and with such Shareholders' stock accounts having been credited as described in step (ii) above).

All documents, including Provisional Allotment Letters (which constitute temporary documents of title) and cheques and banker's drafts posted to or by Qualifying Shareholders and/or their transferees or renouncees (or their agents, as appropriate) will be posted at their own risk.

Qualifying Shareholders taking up their rights by completing a Provisional Allotment Letter or by sending an MTM instruction to Euroclear UK will be deemed to have given the representations and warranties set out in sections 3.2 (*Procedure for acceptance and payment*) and 4.2 (*Procedure for acceptance and payment*) of this Part VII (*Terms and Conditions of the Rights Issue*), unless such requirement is waived by Whitbread and the Underwriters.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to any future dividends or other distributions made, paid or declared after the date of their issue.

2. ACTION TO BE TAKEN

The action to be taken in respect of the New Ordinary Shares depends on whether, at the relevant time, the Nil Paid Rights or the Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).

If you are a Qualifying Non-CREST Shareholder and you do not have a registered address, and are not located in, any of the Excluded Territories, please refer to sections 3, 5, 6, 7.6 and 8 to 12 of this Part VII (*Terms and Conditions of the Rights Issue)*.

If you are a Qualifying CREST Shareholder and you do not have a registered address, and are not located in, any of the Excluded Territories, please refer to sections 4 to 6, 7.6 and 8 to 12 of this Part VII (*Terms and Conditions of the Rights Issue*) and to the CREST Manual for further information on the CREST procedures referred to below.

If you are a Shareholder with a registered address in the United States or holding Ordinary Shares on behalf of, or for the account or benefit of any person on a non-discretionary basis who is in the United States, or any state or other jurisdiction of the United States, please refer to sections 7.2 and 7.3 of this Part VII (*Terms and Conditions of the Rights Issue*).

CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or the Fully Paid Rights of CREST sponsored members.

If you have any questions relating to the Rights Issue, please telephone the Shareholder Helpline.

3. ACTION TO BE TAKEN BY QUALIFYING NON-CREST SHAREHOLDERS IN RELATION TO NIL PAID RIGHTS REPRESENTED BY PROVISIONAL ALLOTMENT LETTERS

3.1 General

Provisional Allotment Letters are expected to be despatched on 22 May 2020.

Each Provisional Allotment Letter will set out:

(i) the holding of Existing Ordinary Shares in certificated form at close of business on the Record Date on which the entitlement to New Ordinary Shares in the Provisional Allotment Letter has been based;

(ii) the aggregate number and cost of the New Ordinary Shares in certificated form that are expected to be provisionally allotted to such Qualifying Non-CREST Shareholder;

(iii) the procedure to be followed if a Qualifying Non-CREST Shareholder wishes to sell all or part of his, her or its Nil Paid Rights;

(iv) the procedure to be followed if a Qualifying Non-CREST Shareholder wishes to take up all or part of his, her or its entitlement;

(v) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to convert all or part of his, her or its entitlement into uncertificated form; and

(vi) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

If you sell or transfer, or have sold or otherwise transferred, all of your Existing Ordinary Shares (other than ex-rights) held in certificated form before 8.00 a.m. on 26 May 2020 (being the Ex-Rights Date), please send this document, together with any Provisional Allotment Letter (if applicable and when

received), as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer will be or was effected for onward delivery to the transferee, except that such documents should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of registration or of other local securities laws or regulations including any of the Excluded Territories. If you sell or transfer, or have sold or otherwise transferred, only part of your holding of Existing Ordinary Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, you should refer to the instruction regarding split applications in section 3.6 (*Renunciation and splitting of Provisional Allotment Letters*) of this Part VII (*Terms and Conditions of the Rights Issue*) and in the Provisional Allotment Letter.

If you do not receive a Provisional Allotment Letter or you think that the holding of Existing Ordinary Shares in certificated form on which your entitlement to New Ordinary Shares in the Provisional Allotment Letter has been based does not reflect your holding of Existing Ordinary Shares in certificated form at close of business on the Record Date, please telephone the Shareholder Helpline.

On the basis that dealings in Nil Paid Rights commence at 8.00 a.m. on 26 May 2020, the latest time and date for acceptance and payment in full will be 11.00 a.m. on 9 June 2020, unless otherwise announced by the Company.

If the Rights Issue is delayed so that Provisional Allotment Letters cannot be despatched on 22 May 2020, the expected timetable at the front of this document will be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters and announced through a Regulatory Information Service. References to dates and times in this document should be read as subject to any such adjustment.

3.2 Procedure for acceptance and payment

(A) Qualifying Non-CREST Shareholders who wish to accept in full

Holders of Provisional Allotment Letters who wish to take up all of their Nil Paid Rights must return the Provisional Allotment Letter in accordance with the instructions thereon, together with a cheque or banker's draft, made payable to "Link Market Services Limited RE: Whitbread Rights Issue Acceptance Account" and crossed "A/C payee only" detailing the Allotment Number (which is on page 1 of the Provisional Allotment Letter) and your surname written on the reverse of the cheque or banker's draft, for the full amount payable on acceptance, by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received as soon as possible and, in any event, by 11.00 a.m. on 9 June 2020. If you post your Provisional Allotment Letter, it is recommended that you allow sufficient time for delivery. A reply-paid envelope will be enclosed with the Provisional Allotment Letter for use within the United Kingdom only. If requested, by indicating in Box E on page 4 of the Provisional Allotment Letter, the Provisional Allotment Letter, duly receipted, will subsequently be returned to the first named registered holder (or to the person validly detailed in Box F on page 4 of the Provisional Allotment Letter). Once your Provisional Allotment Letter, duly completed, and payment have been received by the Receiving Agent in accordance with the above, you will have accepted the offer to subscribe for the number of New Ordinary Shares specified on your Provisional Allotment Letter.

(B) Qualifying Non-CREST Shareholders who wish to accept in part

Holders of Provisional Allotment Letters who wish to take up some but not all of their Nil Paid Rights should refer to section 3.6 (*Renunciation and splitting of Provisional Allotment Letters*) of this Part VII (*Terms and Conditions of the Rights Issue*).

(C) Qualifying Non-CREST Shareholders who wish to take up some (but not all) of their entitlement and wish to sell some or all of those rights which they do not want to take up

Holders of Provisional Allotment Letters who wish to take up some but not all of their Nil Paid Rights or (if appropriate) Fully Paid Rights and wish to sell some or all of those rights which they do not want to take up (other than by effecting a Cashless Take-up using the Special Dealing Service operated by Link Asset Services described in section 3.7 (*Special Dealing Service*) of this Part VII (*Terms and Conditions of the Rights Issue*)) should return by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham,

Kent BR3 4TU, so as to arrive as soon as possible and in any event so as to be received by 3.00 p.m. on 5 June 2020, (the last date and time for splitting Nil Paid Rights), the following:

(i) the Provisional Allotment Letter duly completed in accordance with the instructions printed thereon;

(ii) a cheque or banker's draft in pounds sterling made payable to "Link Market Services Limited RE: Whitbread Rights Issue Acceptance Account" and crossed "A/C payee only", detailing the Allotment Number (which is on page 1 of the Provisional Allotment Letter) and with their surname written on the reverse of the cheque or banker's draft, for the amount payable for the number of Nil Paid Rights such Qualifying Non-CREST Shareholder wishes to take up; and

(iii) a covering letter, signed by the Qualifying Non-CREST Shareholder(s), stating the number of split Provisional Allotment Letters required for the Nil Paid Rights not being taken up and the number of Nil Paid Rights or (if appropriate) Fully Paid Rights to be comprised in each such split Provisional Allotment Letter. Refer to section 3.6 (*Renunciation and splitting of Provisional Allotment Letters*) below for further information about splitting your Provisional Allotment Letter.

(D) Qualifying Non-CREST Shareholders who wish to take action themselves to dispose of some or all of their Nil Paid Rights

Any Qualifying Non-CREST Shareholder who is permitted to, and wishes to, sell all or part of his, her or its Nil Paid Rights should contact their stockbroker or bank or other appropriate authorised independent financial adviser to arrange the sale of those Nil Paid Rights in the market. The stockbroker, bank or other authorised independent financial adviser will require the Provisional Allotment Letter to arrange such sale and you will need to make arrangements with the stockbroker, bank or other authorised independent financial adviser for the completion of the Provisional Allotment Letter and its despatch to the stockbroker, bank or other authorised independent financial adviser. Further information about such sales by Qualifying Non-CREST Shareholders is set out in section 3.6 (*Renunciation and splitting of Provisional Allotment Letters*) below. Nil Paid Rights may only be transferred in compliance with applicable securities laws and regulations of all relevant jurisdictions.

In this case, the split Provisional Allotment Letters (representing the Nil Paid Rights the Qualifying Non-CREST Shareholder does not wish to take up) will be required in order to sell those rights not being taken up. Alternatively, any Qualifying Non-CREST Shareholder who is permitted to, and wishes to, sell all of his, her or its Nil Paid Rights and whose registered address is in the United Kingdom or any EEA country, can use the Special Dealing Service operated by Link Asset Services described in section 3.7 (*Special Dealing Service*) of this Part VII (*Terms and Conditions of the Rights Issue*).

(E) Qualifying Non-CREST Shareholders who do not wish to take up their rights at all and do not wish to take action themselves to sell all or any of those rights

Qualifying Non-CREST Shareholders who do not wish to take up their rights at all and who do not wish to take action themselves to sell all or any of those rights, do not need to do anything.

If Qualifying Non-CREST Shareholders do not return their Provisional Allotment Letters by 11.00 a.m. on 9 June 2020, the Company has made arrangements under which the Underwriters will try to find investors to take up such rights. If they do find investors and are able to achieve a premium over the Rights Issue Price and the related expenses of procuring those investors (including any applicable commission and amounts in respect of irrecoverable VAT), then Qualifying Non-CREST Shareholders so entitled will be paid for the amount of that aggregate premium above the Rights Issue Price less related expenses (including any applicable commission and amounts in respect of irrecoverable VAT), so long as the amount in question is at least £5.00 (five pounds sterling) by cheque posted to their registered address. No payment will be made of individual amounts of less than £5.00 (five pounds sterling), which amounts will be aggregated and will ultimately accrue to the benefit of the Company.

(F) Whitbread's discretion as to validity of acceptances

If payment is not received in full by 11.00 a.m. on 9 June 2020, the provisional allotment will, subject to the below, be deemed to have been declined and will lapse. However, Whitbread and the Underwriters may (in their absolute discretion) treat as valid: (i) Provisional Allotment Letters and accompanying remittances that are received through the post not later than 5.00 p.m. on 9 June 2020 (the cover bearing a legible postmark not later than 11.00 a.m. on 9 June 2020); and (ii) acceptances

in respect of which a remittance is received before 5.00 p.m. on 9 June 2020 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of New Ordinary Shares to be subscribed for and undertaking to lodge the relevant Provisional Allotment Letter, duly completed, in due course.

Whitbread and the Underwriters may also (in their absolute discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

Whitbread, having first consulted with the Underwriters, reserves the right to treat as invalid any acceptance or purported acceptance of the New Ordinary Shares that appears to Whitbread to have been executed in, despatched from or that provides an address for delivery of share certificates for New Ordinary Shares in any Excluded Territory.

A Qualifying Non-CREST Shareholder who makes a valid acceptance and payment in accordance with this section 3.2 (*Procedure for acceptance and payment*) is deemed to request that the New Ordinary Shares to which they will become entitled be issued to them on the terms set out in this document and the Provisional Allotment Letter and subject to the Articles of Association.

Holders of Provisional Allotment Letters who wish to take up any of their entitlements must also make the representations and warranties set out in section 7.6 (*Representations and warranties relating to overseas territories other than the United States and the other Excluded Territories*) of this Part VII (*Terms and Conditions of the Rights Issue*) and will be deemed to have done so by taking up their entitlement by completing Provisional Allotment Letter. All Qualifying Non-CREST Shareholders will also be deemed by any such completion to have agreed and acknowledged that:

(i) the Joint Sponsors and the Underwriters: (a) are acting exclusively for Whitbread and no one else in connection with the Rights Issue and the listing of the New Ordinary Shares on the premium listing segment of the Official List; and (b) will not be responsible to anyone other than Whitbread, nor for providing the protections afforded to their customers nor for giving advice in connection with the Rights Issue, the listing of the New Ordinary Shares on the premium listing segment of the Official List or the contents of this document;

(ii) apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by FSMA or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither of the Underwriters, nor any of their respective affiliates, directors, officers, employees or advisers, accept any responsibility whatsoever for the contents of this document, or make any representation or warranty, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or regarding the legality of any investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares by any person under the laws applicable to such person or for any other statement made or purported to be made by it, or on its behalf, in connection with Whitbread, the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Rights Issue, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. To the fullest extent permissible, the Underwriters accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement;

(iii) such Qualifying Shareholders have not relied on the Joint Sponsors and the Underwriters or any person affiliated with any of the Joint Sponsors and the Underwriters in connection with any investigation as to the accuracy of any information contained in this document or their investment decision; and

(iv) such Qualifying Shareholders have relied only on the information contained in this document, and that no person has been authorised to give any information or to make any representation concerning the Group or the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by Whitbread or the Joint Sponsors or the Underwriters.

(G) Payments

All payments made by Qualifying Non-CREST Shareholders must be made by cheque or banker's draft in pounds sterling payable to "Link Market Services Limited RE: Whitbread Rights Issue Acceptance Account" and crossed "A/C payee only", detailing the Allotment Number (which is on page 1 of the Provisional Allotment Letter) and with their surname written on the reverse of the cheque or banker's draft. Third-party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque or banker's draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which is in the United Kingdom, the Channel Islands or the Isle of Man and which is either a settlement member of Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through facilities provided by either of these companies. Such cheques and banker's drafts must bear the appropriate sort code number in the top right-hand corner. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt. No interest will be allowed on payments made before they are due and any interest on such payments ultimately will accrue for the benefit of Whitbread. It is a term of the Rights Issue that cheques shall be honoured on first presentation and Whitbread and the Underwriters may elect to treat as invalid any acceptances in respect of which cheques are not so honoured. Return of a Provisional Allotment Letter will constitute a warranty that the cheque will be honoured on first presentation. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender.

If New Ordinary Shares have already been allotted to a Qualifying Non-CREST Shareholder before any payment not being so honoured or such acceptances being treated as invalid, Whitbread and the Underwriters may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Non-CREST Shareholder and hold the proceeds of sale (net of Whitbread's reasonable estimate of any loss that it has suffered as a result of the same and of the expenses of sale including, without limitation, any stamp duty or stamp duty reserve tax ("**SDRT**") payable on the transfer of such shares, and of all amounts payable by such Qualifying Non-CREST Shareholder pursuant to the provisions of this Part VII (*Terms and Conditions of the Rights Issue*) in respect of the acquisition of such shares) on behalf of such Qualifying Non-CREST Shareholder. None of Whitbread, the Underwriters or any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Non-CREST Shareholder as a result.

If payment is made by a building society cheque (not being drawn on account of the applicant) or a banker's draft, the building society or bank should insert details of the name of the account holder and have either added the building society or bank branch stamp, or have provided a supporting letter confirming the source of funds.

If a cheque or banker's draft sent by a Qualifying Non-CREST Shareholder is drawn for an amount different from that set out in Box 3 of that Qualifying Non-CREST Shareholder's Provisional Allotment Letter, that Shareholder's application shall be treated as an acceptance in respect of such whole number of New Ordinary Shares which could be acquired at the Rights Issue Price with the amount for which the cheque or banker's draft is drawn (and not the amount set out in Box 3 of the Provisional Allotment Letter). Any balance from the amount of the cheque will be retained for the benefit of the Company.

3.3 Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Provisional Allotment Letter is lodged with payment (which requirements are referred to below as the "**verification of identity requirements**"). If an application is made by a United Kingdom regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, such agent should carry out the verification of identity requirements and the agent's stamp should be inserted on the Provisional Allotment Letter.

Submission of a Provisional Allotment Letter shall constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the person lodging the Provisional Allotment Letter (the "**applicant**"), including any person who appears to the Receiving Agent to be acting on behalf of some other person, to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purpose of the Money Laundering Regulations and agree for the Receiving Agent to make a search using a credit reference agency for the purposes of confirming such identity; where deemed necessary a record of the search will be retained. The checks made at credit reference agencies leave an 'enquiry footprint'—an indelible record so that the applicant can see who has checked them out. The enquiry footprint does not have any impact on the applicant's credit score or on their ability to get credit. Anti-money laundering checks appear as an enquiry/soft search on the applicant's credit report. The report may contain a note saying "Identity check to comply with Anti Money Laundering Regulations".

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant New Ordinary Shares (notwithstanding any other term of the Rights Issue) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and none of the Receiving Agent, Whitbread or the Underwriters will be liable to any person for any loss, expense or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity (and in any event by 11.00 a.m. on 9 June 2020), the Receiving Agent has not received evidence satisfactory to it as aforesaid, Whitbread may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply:

(i) if the applicant is an organisation required to comply with the Money Laundering Directive 2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; or

(ii) if the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or

(iii) if the applicant (not being an applicant who delivers his or her application in person) makes payment by way of a cheque drawn on an account in the name of such acceptor; or

(iv) if the aggregate subscription price for the relevant shares is less than €15,000 (approximately £12,500).

Where the verification of identity requirements apply, please note the following as this will assist in satisfying such requirements. Satisfaction of these requirements may be facilitated in the following ways:

(i) If payment is made by cheque or banker's draft in pounds sterling drawn on a branch of a bank or building society in the United Kingdom and bears a United Kingdom bank sort code number in the top right-hand corner, the following applies. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Link Market Services Limited RE: Whitbread Rights Issue Acceptance Account" and crossed "A/C payee only" detailing the Allotment Number (which is on page 1 of the Provisional Allotment Letter) and with their surname written on the reverse of the cheque or banker's draft. Third-party cheques may not be accepted except for building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque/banker's draft to such effect. The account name should be the same as that shown on the application.

(ii) If the Provisional Allotment Letter is lodged with payment by an agent which is an organisation required to comply with the EU Money Laundering Directive ((EU) 2015/849) as amended, or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, the Cooperation Council for the Arab States of the Gulf (but not its individual Member countries), Hong Kong, Iceland, India, Israel, Japan, Malaysia, Mexico, New Zealand, Norway, the Republic of Korea, the Russian Federation, Saudi Arabia, Singapore, South Africa, Switzerland, Turkey, United Kingdom and the United States), the agent should provide written confirmation that it has that status with the Provisional Allotment Letter(s) and that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent and/or any relevant regulatory or investigatory authority.

(iii) If a Provisional Allotment Letter is lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his or her address (for example, a utility bill).

To confirm the acceptability of any written confirmation referred to in subsection (ii) above, or in any other case, the applicant should contact the Shareholder Helpline on 0344 855 2327 (from inside the United Kingdom). The Shareholder Helpline is available from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding United Kingdom public holidays). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Rights Issue or to provide financial, investment or taxation advice.

The contents of this document are not to be construed as legal, business or tax advice. Each Shareholder should consult their own legal, financial or tax adviser for financial, tax, investment or legal advice, respectively.

3.4 Dealings in Nil Paid Rights

Subject to the fulfilment of the conditions set out in section 1 (*Introduction*) of this Part VII (*Terms and Conditions of the Rights Issue*), dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence at or as soon as practicable after 8.00 a.m. on 26 May 2020. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the Provisional Allotment Letter to the transferee, up to the latest time for acceptance and payment in full stated in the Provisional Allotment Letter, which is 11.00 a.m. on 9 June 2020.

The Company has engaged Link Asset Services to make available its Special Dealing Service to enable Qualifying Non-CREST Shareholders (who are individuals (including legal representatives such as executors whose details have been registered with the Registrars) aged 18 or over (in the case of natural persons), who are resident in the United Kingdom or the EEA (or any other country confirmed by Link Asset Services in writing)) to either (a) sell all of the Nil Paid Rights to which they are entitled or (b) to sell sufficient Nil Paid Rights represented by the Provisional Allotment Letter to enable them to take up their remaining entitlements (known as a Cashless Take-up). Further information about the Special Dealing Service is set out in section 3.7 (*Special Dealing Service*) of this Part VII (*Terms and Conditions of the Rights Issue*) and the Special Dealing Service Terms and Conditions will be posted to Qualifying Non-CREST Shareholders together with the Provisional Allotment Letter. For the avoidance of doubt, the Company accepts (and it is a term of the Rights Issue that it shall have) no responsibility or liability whatsoever to Shareholders for or in respect of the Special Dealing Service operated by Link Asset Services and, to the fullest extent permitted by law, disclaims any duty, liability or responsibility whatsoever (whether direct or indirect and whether arising in contract, tort, under statute or otherwise) in respect of such service or its operation.

3.5 Dealings in Fully Paid Rights

After acceptance by a Qualifying Non-CREST Shareholder of the provisional allotment and payment in full in accordance with the provisions set out in this document and in the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant fully paid Provisional Allotment Letter and delivering it, by post or by hand (during normal business hours only), to Link

Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received not later than 11.00 a.m. on 9 June 2020. To do this, Qualifying Non-CREST Shareholders will need to have their fully paid Provisional Allotment Letter returned to them after their acceptance has been effected by the Receiving Agent. However, fully paid Provisional Allotment Letters will not be returned to Qualifying Non-CREST Shareholders unless their return is requested by ticking the appropriate box on the Provisional Allotment Letter.

After 10 June 2020, the New Ordinary Shares will be registered and transferable in the usual common form or, if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

It should be noted that Qualifying Non-CREST Shareholders who wish to sell their Fully Paid Rights will first have to take-up their rights by returning their Provisional Allotment Letter and cheque in the post by following the instructions in section 3.2 (*Procedure for acceptance and payment*) above.

3.6 Renunciation and splitting of Provisional Allotment Letters

The Provisional Allotment Letters are fully renounceable (save as required by the laws of certain overseas jurisdictions) and may be split up to 3.00 p.m. on 5 June 2020 nil paid and fully paid.

Qualifying Non-CREST Shareholders who are permitted to, and wish to, transfer all (and not some only) of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on page 4 of the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and passing the entire Provisional Allotment Letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been renounced, it will become a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in such letter may be transferred by delivery of such letter to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters, fully paid, is 3.00 p.m. on 4 June 2020 unless otherwise announced by the Company, and after such date the New Ordinary Shares will be in registered form, transferable by written instrument of transfer in the usual common form or, if they have been issued in or converted into uncertificated form, in electronic form under the CREST system. Qualifying Non-CREST Shareholders should note that fully paid Provisional Allotment Letters will not be returned to Qualifying Non-CREST Shareholders unless their return is requested.

If a holder of a Provisional Allotment Letter wishes to take up some, but not all, of the Nil Paid Rights and to transfer some or all of the remainder, or wishes to transfer all the Nil Paid Rights, or (if appropriate) Fully Paid Rights but to different persons, he may have the Provisional Allotment Letter split (unless he elects to sell all of the Nil Paid Rights or to effect a Cashless Take-up through the Special Dealing Service operated by Link Asset Services), for which purpose he, or his agent, must sign and date Form X on page 4 of the Provisional Allotment Letter. The Provisional Allotment Letter must then be delivered by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 3.00 p.m. on 5 June 2020, to be cancelled and exchanged for the split Provisional Allotment Letters required. The relevant holder will need to request a split Provisional Allotment Letter in respect of each proposed transfer. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split Provisional Allotment Letter should be stated in an accompanying cover letter. The aggregate number of Nil Paid Rights or (as appropriate) Fully Paid Rights comprised in the split Provisional Allotment Letters must equal the number of New Ordinary Shares set out in Box 2 of page 1 of the Provisional Allotment Letter (less the number of New Ordinary Shares representing rights he wishes to take-up if applicable). Form X on page 4 of split Provisional Allotment Letters will be marked "Original Duly Renounced" before issue. The holder of the split Provisional Allotment Letters should then follow the instructions in the preceding paragraph in relation to transferring the Nil Paid Rights or (as appropriate) the Fully Paid Rights represented by each split Provisional Allotment Letter. Once the holder's split Provisional Allotment Letter, duly completed, and payment have been received by the Receiving Agent in accordance with the above, the holder will have accepted the offer to subscribe for the number of New Ordinary Shares specified on that split Provisional Allotment Letter.

Alternatively, Qualifying Non-CREST Shareholders who wish to take up some of their Nil Paid Rights, without selling or transferring the remainder, should complete Box B on page 1 of the Provisional

Allotment Letter and write in the boxes opposite the number of New Ordinary Shares they wish to acquire and the amount payable (at 1,500 pence per New Ordinary Share). They should then sign and date Form X on page 4 of the original Provisional Allotment Letter and return it by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, together with cheque or banker's draft in pounds sterling for the appropriate amount made payable to "Link Market Services Limited RE: Whitbread Rights Issue Acceptance Account" and crossed "A/C payee only" detailing the Allotment Number (which is on page 1 of the Provisional Allotment Letter) and with their surname written on the reverse of the cheque or banker's draft. In this case, the Provisional Allotment Letter and the cheque or banker's draft must be received by not later than 11.00 a.m. on 9 June 2020. Once the holder's Provisional Allotment Letter, duly completed, and payment have been received by the Receiving Agent in accordance with the above, the holder will have accepted the offer to subscribe for the relevant number of New Ordinary Shares being taken up.

Whitbread and the Underwriters reserve the right to refuse to register any renunciation in favour of any person in respect of which Whitbread believes such renunciation may violate applicable legal or regulatory requirements including (without limitation) any renunciation in the name of any person with an address outside the United Kingdom.

3.7 Special Dealing Service

Qualifying Non-CREST Shareholders who are individuals (including legal representatives such as executors whose details have been registered with the Registrars) aged 18 or over (in the case of natural persons), who are resident in the United Kingdom or the EEA (or any other country confirmed by Link Asset Services in writing) can use the Special Dealing Service to either (i) sell all of the Nil Paid Rights to which they are entitled or (ii) sell a sufficient number of Nil Paid Rights to raise money to take up the remainder (that is, effect a Cashless Take-up).

Following receipt of a valid election or instruction under the Special Dealing Service, the Provisional Allotment Letter to which such election or instruction relates will cease to be valid for any purpose. By making an election or giving an instruction under the Special Dealing Service a Qualifying Non-CREST Shareholder will be deemed to have represented, warranted and undertaken (a) such Nil Paid Rights will be transferred with full title guarantee and free from liens, charges, or other third party rights of any kind; (b) that he or she and any underlying beneficial owner are entitled to sell the Nil Paid Rights, and (c) that the use of the Special Dealing Service by him or her or the sale of the Nil Paid Rights pursuant to the Special Dealing Service does not and will not breach any applicable laws. By giving an instruction under the Special Dealing Service, a Qualifying Non-CREST Shareholder will be deemed to have renounced their Nil Paid Rights, as applicable to their instruction.

Link Asset Services will charge a commission of 1% of the gross proceeds of any sale of Nil Paid Rights effected using the Special Dealing Service, subject to a minimum of £25.00 per holding. Due to the minimum charge, the Special Dealing Service may not be cost effective for all Qualifying Non-CREST Shareholders. For example, in relation to Qualifying Non-CREST Shareholders selling a small holding, it is possible that in certain circumstances the administration charge may be more than the value of sale proceeds.

Qualifying Non-CREST Shareholders should be aware that by returning the Provisional Allotment Letter and electing to use the Special Dealing Service, they will be deemed to be agreeing to the Special Dealing Service Terms and Conditions and make a legally binding agreement with the Registrar on those terms. The Special Dealing Service Terms and Conditions will be set out in a document accompanying the Provisional Allotment Letter.

A Qualifying Non-CREST Shareholder who is eligible and elects to use the Special Dealing Service agrees to the terms and conditions of the Rights Issue set out in this document and the Special Dealing Service Terms and Conditions (including how the price for the sale of their Nil Paid Rights is calculated and the commissions that will be deducted from the proceeds of the sale of such Nil Paid Rights). Qualifying Non-CREST Shareholders using the Special Dealing Service should note that they will be clients of Link Asset Services and not of the Company when using such service. Link Asset Services' liability to such a Qualifying Non-CREST Shareholder and its responsibility for providing the protections afforded by the UK regulatory regime to clients for whom such services are provided is as set out in the Special Dealing Service Terms and Conditions, and neither Link Asset Services nor the Company shall have any liability or responsibility to a Qualifying Non-CREST Shareholder using the

Special Dealing Service except as set out in those Special Dealing Service Terms and Conditions. None of the Company, or the Underwriters or their agents shall be responsible for any loss, expense or damage (whether actual or alleged) arising from the terms or timing of any sale, any settlement issues arising from any sale, any exercise of discretion in relation to any sale, or any failure to procure any sale, of Nil Paid Rights pursuant to the Special Dealing Service.

The Company, Link Asset Services and/or their agents shall each have discretion to determine the eligibility of Qualifying Non-CREST Shareholders, and may each in their sole discretion interpret instructions on the Provisional Allotment Letter, and none of the Company, the Underwriters, Link Asset Services or their agents shall be responsible for any loss, expense or damage (whether actual or alleged) arising from any such exercise of discretion.

All remittances will be sent by post, at the risk of the Qualifying Non-CREST Shareholder entitled thereto, to the registered address of the relevant Qualifying Non-CREST Shareholder (or, in the case of joint holders, to the address associated with the relevant account as it appears on the register of Shareholders).

No interest will be payable on any proceeds received from the sale of Nil Paid Rights under the Special Dealing Service.

3.8 Registration in names of Qualifying Non-CREST Shareholders

A Qualifying Non-CREST Shareholder who wishes to have all his entitlement to New Ordinary Shares registered in his name must accept and make payment for such allotment before the latest time for acceptance and payment in full which is 11.00 a.m. on 9 June 2020 in accordance with the provisions set out in this document and the Provisional Allotment Letter, but need take no further action.

3.9 Registration in names of persons other than Qualifying Non-CREST Shareholders originally entitled

In order to register Fully Paid Rights in certificated form in the name of someone other than the Qualifying Non-CREST Shareholder(s) originally entitled, the renouncee or his agent(s) must complete Form Y on page 4 of the Provisional Allotment Letter (unless the renouncee is a CREST member who wishes to hold such New Ordinary Shares in uncertificated form, in which case, Form X and the CREST Deposit Form (both set out on page 4 of the Provisional Allotment Letter) must be completed (see section 3.9 (*Deposit of Nil Paid Rights or Fully Paid Rights into CREST*) of this Part VII (*Terms and Conditions of the Rights Issue*) and deliver the entire Provisional Allotment Letter unless this is to be deposited into CREST, when fully paid, by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than the latest time for registration of renunciation which is 3.00 p.m. on 4 June 2020. Registration cannot be effected unless and until the New Ordinary Shares comprised in a Provisional Allotment Letter are fully paid.

The New Ordinary Shares comprised in two or more Provisional Allotment Letters (duly renounced where applicable) may be registered in the name of one holder (or joint holders). To consolidate rights attached to two or more Provisional Allotment Letters in this way, Form Y should be completed on page 4 of one of the Provisional Allotment Letters (the "**Principal Letter**") and all other relevant Provisional Allotment Letters delivered in one batch. Details of each relevant Provisional Allotment Letter (including the Principal Letter) should be listed in an attached letter and the Allotment Number (as shown on page 1 of each Provisional Allotment Letter) of the Principal Letter should be entered into the box provided in Form Y on page 4 of each Provisional Allotment Letter.

3.10 Deposit of Nil Paid Rights or Fully Paid Rights into CREST

The Nil Paid Rights or the Fully Paid Rights represented by a Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form (that is, withdrawn from CREST). Subject as provided below or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights or the Fully Paid Rights represented by a Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address(es) appear on page 1 of the Provisional Allotment Letter and/or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows:

(i) Form X and the CREST Deposit Form (both set out on page 4 of the Provisional Allotment Letter) will need to be completed and the Provisional Allotment Letter deposited with the CCSS (as such term is defined in the CREST Manual); and

(ii) in addition, the normal CREST stock deposit procedures will need to be carried out, except that: (a) it will not be necessary to complete and lodge a separate CREST Transfer Form (prescribed under the Stock Transfer Act 1963) with the CCSS; and (b) only the whole of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST.

The following should also be noted:

(a) if you wish to deposit only some of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter into CREST, you must first apply for split Provisional Allotment Letters;

(b) if the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited; and

(c) a Consolidation Listing Form (as defined in the CREST Regulations) must not be used.

A holder of the Nil Paid Rights or the Fully Paid Rights represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights or, if appropriate, the Fully Paid Rights in CREST following the conversion, to take all necessary steps in connection with taking up the entitlement before 11.00 a.m. on 9 June 2020. **In particular, having regard to processing times in CREST and on the part of the Receiving Agent, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form on page 4 of the Provisional Allotment Letter duly completed) with the CCSS (to enable the person acquiring the Nil Paid Rights or, if appropriate, the Fully Paid Rights in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement before 11.00 a.m. on 9 June 2020) is 3.00 p.m. on 4 June 2020.**

When Form X and the CREST Deposit Form (both set out on page 4 of the Provisional Allotment Letter) have been completed, the title to the Nil Paid Rights or the Fully Paid Rights represented by the relevant Provisional Allotment Letter will cease forthwith to be renounceable or transferable by delivery and, for the avoidance of doubt, any entries in Form Y on page 4 of such Provisional Allotment Letter will not be recognised or acted upon by the Receiving Agent. All renunciations or transfers of the Nil Paid Rights or Fully Paid Rights must be effected through the means of the CREST system once such rights have been deposited into CREST.

CREST sponsored members should contact their CREST sponsor as only their CREST sponsors will be able to take the necessary actions to take up the entitlements or otherwise to deal with Nil Paid Rights or Fully Paid Rights of CREST sponsored members.

3.11 Issue of New Ordinary Shares in definitive form

Definitive share certificates in respect of the New Ordinary Shares to be held in certificated form are expected to be despatched by post by no later than 23 June 2020 at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders and renouncees or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed in Box F on page 4 of the Provisional Allotment Letter or the CREST Deposit Form on page 4 of the Provisional Allotment Letter has been completed).

If the Provisional Allotment Letter is lodged, fully paid, with the lodging agent's name and address inserted in Box F on page 4 of the Provisional Allotment Letter, the definitive share certificate will be despatched to the lodging agent. If the CREST Deposit Form on page 4 of the Provisional Allotment

Letter has been completed, a share certificate will not be issued but the relevant CREST account will be credited. Where the Provisional Allotment Letter has been renounced following full payment a definitive share certificate will be sent to the person named in Form Y on page 4 of the Provisional Allotment Letter unless (a) the CREST Deposit Form on page 4 of the Provisional Allotment Letter has been completed, in which case a share certificate will not be issued but the relevant CREST account will be credited, or (b) a lodging agent's stamp appears on page 4, in which case the certificate will be despatched to that agent. Where the CREST Deposit Form on page 4 of the Provisional Allotment Letter has been completed and deposited with the CREST Courier and Sorting Service, New Ordinary Shares are expected to be credited to the relevant CREST account on 10 June 2020. All certificates will be despatched through the post at the risk of the persons entitled thereto.

After despatch of definitive share certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, instruments of transfer of the New Ordinary Shares will be certified by the Registrar against the register.

4. ACTION TO BE TAKEN BY QUALIFYING CREST SHAREHOLDERS IN RELATION TO NIL PAID RIGHTS OR FULLY PAID RIGHTS IN CREST

4.1 General

Subject as provided in section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Rights Issue*) in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to his CREST stock account of his entitlement to Nil Paid Rights at or as soon as possible after 8.00 a.m. on 26 May 2020. For Qualifying CREST Shareholders, the CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held at close of business on the Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted. If you sell or transfer, or have sold or otherwise transferred, all or some of your Existing Ordinary Shares (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear UK which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.

The maximum number of New Ordinary Shares that a Qualifying CREST Shareholder may take up is that which has been provisionally allotted to that Qualifying CREST Shareholder and for which he or she receives a credit of entitlement into his or her stock account in CREST. The minimum number of New Ordinary Shares a Qualifying CREST Shareholder may take up is one.

Each Nil Paid Right and Fully Paid Right will constitute a separate security for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders or to enable the Nil Paid Rights shortly after 8.00 a.m. on 26 May 2020, Provisional Allotment Letters shall, unless Whitbread and the Underwriters determine otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this document may, with the consent of the Underwriters, be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. Whitbread will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

CREST members who wish to take up all or part of their entitlements in respect of, or otherwise to transfer, all or part of their Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the necessary action to take up your entitlements or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.

4.2 Procedure for acceptance and payment

(A) MTM instructions

CREST members who wish to take up all or part of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an MTM instruction to Euroclear UK which, on its settlement, will have the following effect:

(i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;

(ii) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the CREST RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank of the Receiving Agent in pounds sterling, in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in subsection (i) above; and

(iii) the crediting of a stock account of the accepting CREST member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST member is entitled on taking up his Nil Paid Rights referred to in subsection (i) above.

(B) Contents of MTM instructions

The MTM instruction must be properly authenticated in accordance with Euroclear UK's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(i) the number of Nil Paid Rights to which the acceptance relates;

(ii) the participant ID of the accepting CREST member;

(iii) the member account ID of the accepting CREST member from which the Nil Paid Rights are to be debited;

(iv) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 9RA01;

(v) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 20706WHI;

(vi) the number of Fully Paid Rights that the CREST member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;

(vii) the amount payable by means of the CREST assured payment arrangements on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights to which the acceptance relates;

(viii) the intended settlement date (which must be on or before 11.00 a.m. on 9 June 2020);

(ix) the ISIN for the Nil Paid Rights. This is GB00BMT7VN51;

(x) the ISIN for the Fully Paid Rights. This is GB00BMT7VP75;

(xi) the Corporate Action Number for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST;

(xii) a contact name and telephone number in the shared note field; and

(xiii) a priority of at least 80.

(C) Valid acceptance

An MTM instruction complying with each of the requirements as to authentication and contents set out in "Contents of MTM instructions" of this section 4.2 (*Procedure for acceptance and payment*) will constitute a valid acceptance where either:

(i) the MTM instruction settles by not later than 11.00 a.m. on 9 June 2020; or

(ii) at the discretion of Whitbread: (a) the MTM instruction is received by Euroclear UK by not later than 11.00 a.m. on 9 June 2020; (b) the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock member account of the accepting CREST member specified in the MTM instruction at 11.00 a.m. on 9 June 2020; and (c) the relevant MTM instruction settles by 2.00 p.m. on 9 June 2020 (or such later time and/or date as Whitbread has determined).

An MTM instruction will be treated as having been received by Euroclear UK for these purposes at the time at which the instruction is processed by the Network Provider's Communications Host (as this term is defined in the CREST Manual) at Euroclear UK or the network provider used by the CREST member (or by the CREST sponsored member's CREST sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Provider's Communications Host.

The provisions of this section 4.2(C) (*Valid acceptance*) and any other terms of the Rights Issue relating to Qualifying CREST Shareholders may be waived, varied or modified as regards specific Qualifying CREST Shareholder(s) or on a general basis by the Company.

(D) Representations, warranties and undertakings of CREST members

A CREST member or CREST sponsored member who makes, or procures the making of, a valid acceptance in accordance with this section 4.2 (*Procedure for acceptance and payment*) represents, warrants and undertakes to Whitbread and the Underwriters that he has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him or by his CREST sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11.00 a.m. on 9 June 2020 and at all times thereafter until 2.00 p.m. on 9 June 2020 (or until such later time and date as Whitbread and the Underwriters may determine). In particular, the CREST member or CREST sponsored member represents, warrants and undertakes that at 11.00 a.m. on 9 June 2020 and at all times thereafter until 2.00 p.m. on 9 June 2020 (or until such later time and date as Whitbread and the Underwriters may determine) there will be sufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST sponsored members should contact their CREST sponsor if they are in any doubt.

If there is insufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account of a CREST member or CREST sponsored member for such amount to be debited or the CREST member's or CREST sponsored member's acceptance is otherwise treated as invalid and New Ordinary Shares have already been allotted to such CREST member or CREST sponsored member, Whitbread, and the Underwriters may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST member or CREST sponsored member and hold the proceeds of sale (net of Whitbread's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST member or CREST sponsored member pursuant to the provisions of this Part VII (*Terms and Conditions of the Rights Issue*) in respect of the acquisition of such shares) on behalf of such CREST member or CREST sponsored member. None of Whitbread, the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such CREST member or CREST sponsored member as a result.

A Qualifying CREST Shareholder will, by sending an MTM Instruction to Euroclear UK, be deemed to have made the representations and warranties set out in section 7.6 (*Representations and warranties relating to overseas territories other than the United States and the other Excluded Territories*) of this Part VII (*Terms and Conditions of the Rights Issue*) and the agreement and acknowledgement set out in section 3.2 (*Procedure for acceptance and payment*) of this Part VII (*Terms and Conditions of the Rights Issue*) All Qualifying Shareholders will also, by sending an MTM Instruction to Euroclear UK, be deemed to have agreed and acknowledged that:

(i) the Joint Sponsors and the Underwriters: (a) are acting exclusively for Whitbread and no one else in connection with the Rights Issue and the listing of the New Ordinary Shares on the premium listing segment of the Official List; and (b) will not be responsible to anyone other than Whitbread, nor for giving the protections afforded to their customers for providing advice in connection with the Rights Issue, the listing of the New Ordinary Shares on the premium listing segment of the Official List or the contents of this document;

(ii) apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters by FSMA or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal,

void or unenforceable, neither of the Underwriters, nor any of their respective affiliates, directors, officers, employees or advisers, accept any responsibility whatsoever for the contents of this document, or make any representation or warranty, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or regarding the legality of any investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares by any person under the laws applicable to such person or for any other statement made or purported to be made by it, or on its behalf, in connection with Whitbread, the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Rights Issue, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. To the fullest extent permissible, the Underwriters accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement;

(iii) such Qualifying Shareholders have not relied on the Joint Sponsors and the Underwriters or any person affiliated with any of the Joint Sponsors and the Underwriters in connection with any investigation as to the accuracy of any information contained in this document or their investment decision; and

(iv) such Qualifying Shareholders have relied only on the information contained in this document, and that no person has been authorised to give any information or to make any representation concerning the Group or the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by Whitbread or the Joint Sponsors or the Underwriters.

(E) CREST procedures and timings

CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear UK does not make available special procedures in CREST for any particular corporate action.

Normal system timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 9 June 2020. In this connection, CREST members and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(F) CREST member's undertaking to pay

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this section 4.2 (*Procedure for acceptance and payment*):

(i) undertakes to pay to the Receiving Agent, or procure the payment to the Receiving Agent of, the amount payable in pounds sterling on acceptance in accordance with the above procedures or in such other manner as the Receiving Agent may require (it being acknowledged that, where payment is made by means of the CREST RTGS payment mechanism (as defined in the CREST Manual) the creation of an RTGS settlement bank payment obligation in pounds sterling in favour of the Receiving Agent's RTGS settlement bank (as defined in the CREST Manual), in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST member (or CREST sponsored member) to pay to the Underwriters the amount payable on acceptance); and

(ii) requests that the Fully Paid Rights and/or New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles of Association.

If the payment obligations of the relevant CREST member in relation to such New Ordinary Shares are not discharged in full and such New Ordinary Shares have already been allotted to such CREST member or CREST sponsored member, Whitbread and the Underwriters may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST member or CREST sponsored member and hold the proceeds of sale (net of Whitbread's reasonable estimate of any loss that it has suffered as a result of the same and of the

expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST member or CREST sponsored member pursuant to the provisions of this Part VII (*Terms and Conditions of the Rights Issue*) in respect of the acquisition of such shares) or an amount equal to the original payment of the CREST member or CREST sponsored member (whichever is the lower) on behalf of such CREST member or CREST sponsored member. None of Whitbread, the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such CREST member or CREST sponsored member as a result.

(G) Company's discretion as to rejection and validity of acceptances

Whitbread and the Underwriters may in their absolute discretion:

(i) reject any acceptance constituted by an MTM instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in section 4.2(D) (*Representations, warranties and undertakings of CREST members*) of this Part VII (*Terms and Conditions of the Rights Issue*). Where an acceptance is made as described in this section 4.2 (*Procedure for acceptance and payment*) which is otherwise valid, and the MTM instruction concerned fails to settle by 11.00 a.m. on 9 June 2020 (or by such later time and date as Whitbread and the Underwriters may determine), Whitbread and the Underwriters shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this section 4.2(G) (*Company's discretion as to rejection and validity of acceptances*) of Part VII (*Terms and Conditions of the Rights Issue*), that there has been a breach of the representations, warranties and undertakings set out or referred to in section 4.2(D) (*Representations, warranties and undertakings of CREST members*) of this Part VII (*Terms and Conditions of the Rights Issue*) unless Whitbread or the Underwriters are aware of any reason outside the control of the CREST member or CREST sponsor (as appropriate) concerned for the failure of the MTM instruction to settle;

(ii) treat as valid and binding on the CREST member or CREST sponsored member concerned an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this section 4.2 (*Procedure for acceptance and payment*);

(iii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as Whitbread or the Underwriters may determine;

(iv) treat a properly authenticated dematerialised instruction (in this section 4.2(G)(iv), the "**first instruction**") as not constituting a valid acceptance if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction, either Whitbread or the Receiving Agent has received actual notice from Euroclear UK of any of the matters specified in CREST Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

(v) accept an alternative instruction or notification from a CREST member or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to take up all or part of his Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by the Receiving Agent in connection with CREST.

4.3 Money Laundering Regulations

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution (for example, a bank, a broker or another United Kingdom financial institution), then, irrespective of the value of the application, the Receiving Agent is required to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the

application. You must therefore contact the Receiving Agent before sending any MTM instruction or other instruction so that appropriate measures may be taken.

Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent any information the Receiving Agent may specify as being required for the purposes of the verification of identity requirements in the Money Laundering Regulations or FSMA. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent, having consulted with Whitbread and the Underwriters may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If such information and other satisfactory evidence of identity has not been provided within a reasonable time, the Receiving Agent will not permit the MTM instruction concerned to proceed to settlement, but without prejudice to the right of Whitbread and the Underwriters to take proceedings to recover any loss suffered by any of them as a result of failure by the applicant to provide satisfactory evidence.

4.4 Dealings in Nil Paid Rights in CREST

Assuming the Rights Issue becomes unconditional, dealings in the Nil Paid Rights on the London Stock Exchange are expected to commence at 8.00 a.m. on 26 May 2020. Dealings in Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be enabled in CREST as soon as possible after 8.00 a.m. on 26 May 2020. The Nil Paid Rights are expected to be disabled in CREST after the closure of CREST business on 9 June 2020.

4.5 Dealings in Fully Paid Rights in CREST

After acceptance and payment in full in accordance with the provisions set out in this document, the Fully Paid Rights may be transferred (in whole or in part) by means of CREST in the same manner as any other security that is admitted to CREST. The last time for settlement of any transfer of Fully Paid Rights in CREST is expected to be 11.00 a.m. on 9 June 2020. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 9 June 2020.

After 10 June 2020, the New Ordinary Shares will be registered in the name(s) of the person(s) entitled to them in Whitbread's register of members and will be transferable by means of CREST in the usual way.

4.6 Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form (that is, withdrawn from CREST). Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear UK of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights from CREST is 4.30 p.m. on 3 June 2020, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, Fully Paid Rights following the conversion to take all necessary steps in connection with taking up the entitlement before 11.00 a.m. on 9 June 2020. You are recommended to refer to the CREST Manual or your CREST sponsor (as applicable) for details of such procedures.

4.7 Issue of New Ordinary Shares in CREST

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 9 June 2020 (the latest date for settlement of transfers of Fully Paid Rights in CREST). New Ordinary Shares will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at 5.30 p.m. on the date on which the Fully Paid Rights are disabled. The Receiving Agent will instruct Euroclear UK to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Ordinary Shares with effect from the next Business Day (expected to be 10 June 2020).

4.8 Right to allot/issue in certificated form

Despite any other provision of this document, Whitbread reserves the right to allot and to issue any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

5. PROCEDURE IN RESPECT OF RIGHTS NOT TAKEN UP (WHETHER CERTIFICATED OR IN CREST)

If an entitlement to New Ordinary Shares is not validly taken up in accordance with the procedure and timelines laid down for acceptance and payment, then that provisional allotment will be deemed to have been declined and will lapse. Subject to the terms and conditions of the Underwriting Agreement, the Underwriters acting severally and not jointly (or jointly and severally) will use reasonable endeavours to procure, by not later than 4.30 p.m. on the second dealing day after the last day for acceptances in the Rights Issue, subscribers for all (or, at the discretion of the Underwriters, as many as possible) of those New Ordinary Shares not taken up if a premium over the total of the Rights Issue Price and the expenses of procuring such subscribers (including any related commissions and VAT which is not, in the reasonable opinion of the Underwriters, recoverable) can be obtained.

Notwithstanding the above, the Underwriters may cease to endeavour to procure any such subscribers if, in the opinion of the Underwriters, it is unlikely that any such subscribers can be so procured at such a price by such time. If and to the extent that subscribers cannot be procured on the basis outlined above, the relevant New Ordinary Shares will be subscribed for by the Underwriters acting severally and not jointly (or jointly and severally) as principals pursuant to the Underwriting Agreement or by sub-underwriters procured by the Underwriters, in each case at the Rights Issue Price on the terms and subject to the conditions of the Underwriting Agreement.

New Ordinary Shares for which subscribers are procured on this basis will be re-allotted to such subscribers and the aggregate of any premiums, being any premium over the aggregate of the Rights Issue Price and the expenses of procuring subscribers (including any applicable brokerage and commissions and VAT which is not recoverable), if any, will be paid (without interest), as set out below, to those persons entitled to lapsed provisional allotments *pro rata* to the relevant provisional allotments not taken up:

(i) where the Nil Paid Rights were, at the last time and date they could have been validly accepted in accordance with the procedure for acceptance and payment, represented by a Provisional Allotment Letter, to the person whose name and address appeared on page 1 of the Provisional Allotment Letter;

(ii) where the Nil Paid Rights were, at the last time and date they could have been validly accepted in accordance with the procedure for acceptance and payment, in uncertificated form, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST; and

(iii) where an entitlement to New Ordinary Shares was not (or was deemed not to have been) taken up by an Overseas Shareholder, to that Overseas Shareholder,

save that no payment will be made of amounts of less than £5.00 per holding, which amounts will be aggregated and will ultimately be paid to Whitbread. Cheques for the amounts due will be sent in pounds sterling, by post, at the risk of the person(s) entitled, to their registered addresses (the registered address of the first named in the case of joint holders), provided that where any entitlement concerned was held in CREST the amount due will, unless Whitbread (in its absolute discretion) otherwise determines, be satisfied by Whitbread procuring the creation of an assured payment obligation in favour of the relevant CREST member's (or CREST sponsored member's) RTGS settlement bank in respect of the cash amount concerned in accordance with the RTGS payment mechanism or in such other manner as the Company (in its absolute discretion) determines.

Any transactions undertaken pursuant to this section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST)*) shall be deemed to have been undertaken at the request of the persons who did not take up their entitlement and none of Whitbread, the Underwriters nor any other person procuring subscribers shall be responsible or have any liability for any loss, expense or damage (whether actual or alleged) arising from the terms of or timing of any such acquisition, any decision not to endeavour to procure subscribers or the failure to procure subscribers on the basis

described above. The Underwriters will be entitled to retain any fees, commissions or other benefits received in connection with these arrangements.

It is a term of the Rights Issue that all New Ordinary Shares validly taken up by acquirers under the Rights Issue may be allotted to such acquirers in the event that not all of the New Ordinary Shares offered for purchase under the Rights Issue are taken up.

6. WITHDRAWAL RIGHTS

Persons who have the right to withdraw their acceptances under section 87Q(4) of FSMA after a supplementary prospectus (if any) in respect of this document has been published by the Company and who wish to exercise such right of withdrawal must send a written notice of withdrawal, which must include the full name and address of the person wishing to exercise such right of withdrawal, the Allotment Number set out on the cover page of the Provisional Allotment Letter, and, if such person is a CREST member, the participant ID and the member account ID of such CREST member to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is received after expiry of such period will not constitute a valid withdrawal. Whitbread will not permit the exercise of withdrawal rights after payment by the relevant person for New Ordinary Shares in full and the allotment of such New Ordinary Shares to such person becoming unconditional, save as required by statute. In such circumstances, Shareholders are advised to consult their professional advisers.

Provisional allotments of entitlements to New Ordinary Shares which are the subject of a valid withdrawal notice will be deemed to be declined or to have lapsed. Such entitlements to New Ordinary Shares will be subject to the provisions of section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST)*) of this Part VII (*Terms and Conditions of the Rights Issue*) as if the entitlement had not been validly taken up.

Following the valid exercise of statutory withdrawal rights, application monies will be returned by post to relevant Qualifying Shareholders at their own risk and without interest to the address set out in the Provisional Allotment Letter and/or the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as applicable within 14 days of such exercise of statutory withdrawal rights. Interest earned on such monies will be retained for the benefit of the Company. The provisions of this section 6 (*Withdrawal rights*) of this Part VII are without prejudice to the statutory rights of Qualifying Shareholders. In such event, Qualifying Shareholders are advised to seek independent legal advice.

7. OVERSEAS SHAREHOLDERS

This document has been approved by the FCA, being the competent authority in the United Kingdom.

The offer of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares to persons resident in, or who are citizens of, or who have registered addresses in, a jurisdiction other than the United Kingdom may be affected by the laws of the relevant jurisdiction.

It is the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to take up rights under the Rights Issue to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territory. The comments set out in this section 7 (*Overseas Shareholders*) are intended as a general guide only and any Overseas Shareholder who is in doubt as to his, her or its position should consult his, her or its professional adviser without delay.

7.1 General

The offer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares and the distribution of this document or any other document relating to the Rights Issue (including a Provisional Allotment Letter) to persons located or resident in, or who are citizens of, or who have a registered address in a jurisdiction other than the United Kingdom or which are corporations, partnerships or other entities organised under the laws of countries other than the United Kingdom, or to persons who are nominees of or custodians, trustees or guardians for any

such persons or entities, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights. It is the responsibility of all persons outside the United Kingdom (including, without limitation, custodians, nominees and trustees) receiving this document and/or a Provisional Allotment Letter and/or a credit of Nil Paid Rights to a stock account in CREST and wishing to take up rights under the Rights Issue to satisfy themselves as to full observance of the laws of the relevant territory, including obtaining all necessary governmental or other consents which may be required, compliance with all other requisite formalities and the payment of any issue, transfer or other taxes due in such territory. The comments set out in this section 7 (*Overseas Shareholders*) of this Part VII (*Terms and conditions of the Rights Issue*) are intended as a general guide only and any Overseas Shareholder who is in doubt as to his position should consult his own independent professional adviser without delay.

Having considered the circumstances, the Directors have formed the view that:

(i) it is necessary or expedient to restrict the ability of Qualifying Shareholders in the United States to take up their rights under the Rights Issue (and not reasonably possible to facilitate corresponding arrangements for participating holders of ADSs) due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in the United States or under the relevant depositary arrangements; and

(ii) it is necessary or expedient to restrict the ability of Qualifying Shareholders in the other Excluded Territories to take up their rights under the Rights Issue due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

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 Whitbread 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 this Part VII (*Terms and Conditions of the Rights Issue*).

No person receiving a copy of this document and/or a Provisional Allotment Letter and/or receiving a credit of Nil Paid Rights to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use the Provisional Allotment Letter or deal with Nil Paid Rights or Fully Paid Rights in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and the Provisional Allotment Letter or Nil Paid Rights or Fully Paid Rights in CREST could lawfully be used or dealt with without contravention of any registration or other legal or regulatory requirements. In such circumstances, this document and/or the Provisional Allotment Letter are to be treated as sent for information only and should not be copied or redistributed.

Accordingly, persons receiving a copy of this document and/or a Provisional Allotment Letter and/or whose stock account in CREST is credited with Nil Paid Rights or Fully Paid Rights should not, in connection with the Rights Issue, distribute or send the same in or into, or transfer, Nil Paid Rights or Fully Paid Rights to any person in the United States or any other Excluded Territory. If a Provisional Allotment Letter or credit of Nil Paid Rights or Fully Paid Rights in CREST is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the rights referred to in the Provisional Allotment Letter or in this document or renounce the Provisional Allotment Letter or transfer the Nil Paid Rights or Fully Paid Rights in CREST unless Whitbread and the Underwriters determine that such actions would not violate applicable legal or regulatory requirements. Any person who does forward this document or a Provisional Allotment Letter or transfers Nil Paid Rights or Fully Paid Rights into any such territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section 7 (*Overseas Shareholders*).

Whitbread and the Underwriters may (in their absolute discretion) treat as invalid, and Whitbread will not be bound to allot or issue any New Ordinary Shares in respect of, any acceptance or purported acceptance of the offer of New Ordinary Shares which appears to Whitbread, the Underwriters or their respective agents to have been executed, effected or despatched in a manner which may involve a

breach of the laws or regulations of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if, in the case of a Provisional Allotment Letter, it provides for an address for delivery of the definitive share certificates for New Ordinary Shares or, in the case of a credit of New Ordinary Shares in CREST, the CREST member's or a CREST sponsored member's registered address is in any of the Excluded Territories or any other jurisdiction outside the United Kingdom in which it would be unlawful to make or accept an offer to subscribe for or acquire the New Ordinary Shares, unless Whitbread and the Underwriters are satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirements. The attention of Overseas Shareholders with registered addresses in or who are located in the United States is drawn to sections 7.2 (*Offering restrictions relating to the United States*) and 7.3 (*US selling and transfer restrictions*) respectively of this Part VII (*Terms and Conditions of the Rights Issue*).

Despite any other provision of this document or the Provisional Allotment Letter, Whitbread and the Underwriters reserve the right to permit any Qualifying Shareholder to take up his rights if Whitbread and the Underwriters in their absolute discretion are satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restriction in question.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in sections 3 (*Action to be taken by Qualifying Non-CREST Shareholders in relation to Nil Paid Rights represented by Provisional Allotment Letters*) and 4 (*Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights or Fully Paid Rights in CREST*) of this Part VII (*Terms and Conditions of the Rights Issue*).

The provisions of section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST)*) of this Part VII (*Terms and Conditions of the Rights Issue*) will apply generally to Overseas Shareholders who do not or are unable to take up New Ordinary Shares provisionally allotted to them. Accordingly, such Shareholders will be treated as Shareholders that have not taken up their entitlement for the purposes of section 5 (*Procedure in respect of rights not taken up (whether certificated or in CREST)*) of this Part VII (*Terms and Conditions of the Rights Issue*) and the provisions of that section, including in respect of the Underwriters' obligations to procure acquirers and the distribution of profits, will apply to such Shareholders.

7.2 Offering restrictions relating to the United States

The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights have not been and will not be registered under the US Securities Act or under any relevant 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 US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States or other jurisdiction. For the purposes of the Rights Issue, the Company will be relying on an exemption from the registration requirements under the US Securities Act for an offer and sale that do not involve a public offering in the United States, as detailed below. The Company is not subject to the periodic reporting requirements of the US Exchange Act and the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US 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 and the Fully Paid Rights or the accuracy or adequacy of the Provisional Allotment Letter or this document. Any representation to the contrary is a criminal offence in the United States.

Accordingly, subject to certain exceptions, the Rights Issue is not being made in the United States and neither this document nor the Provisional Allotment Letters constitutes or will constitute an offer, or an invitation to apply for, or an offer or an invitation to subscribe for or acquire any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights 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 ADSs.

Holders of ADSs, including QIBs, will not be permitted to participate in the Rights Issue; instead, pursuant to the Deposit Agreement, the Depositary will determine whether it is lawful and reasonably practicable to sell the corresponding entitlements in the Rights Issue (including the Nil Paid Rights and

the Fully Paid Rights) and, if it so determines that it is lawful and reasonably practicable, endeavour to sell them in a riskless principal capacity or otherwise, as such place and upon such term (including private or public sale) as it may deem proper. The Depositary will, upon such sale, convert and distribute proceeds of such sale net of applicable fees and charges, expenses incurred by the Depositary, taxes and any other governmental charge. If the Depositary is unable to arrange for the sale of such rights upon the terms described above, the Depositary will allow for all remaining rights in the Rights Issue to lapse, and all corresponding 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 this Part VII (*Terms and Conditions of the Rights Issue*).

Envelopes containing Provisional Allotment Letters should not be postmarked in the United States or otherwise despatched from the United States, and all persons subscribing for or acquiring New Ordinary Shares and wishing to hold such shares in certificated form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside the United States.

Subject to certain limited exceptions, any person who subscribes for or acquires New Ordinary Shares, Nil Paid Rights or Fully Paid Rights will be deemed to have declared, warranted and agreed, by accessing this document or accepting delivery of the Provisional Allotment Letter and delivery of the New Ordinary Shares, Nil Paid Shares or Fully Paid Rights, that it is not, and that at the time of subscribing for or acquiring the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights it will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state or other jurisdiction of the United States.

The Company and the Underwriters reserve the right to treat as invalid any Provisional Allotment Letter: (i) that appears to the Company, the Underwriters or their respective agents to have been executed in or despatched from the United States; (ii) that does not include the relevant warranty set out in the Provisional Allotment Letter headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Provisional Allotment Letter does not have a registered address and is not located in the United States and is not subscribing for or acquiring Nil Paid Rights, Fully Paid Rights or New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States; or (iii) where the Company and the Underwriters believe acceptance of such Provisional Allotment Letter may infringe applicable legal or regulatory requirements, and the Company and the Underwriters shall not be bound to allot (on a non-provisional basis) or issue any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights in respect of any such Provisional Allotment Letter. In addition, the Company and the Underwriters reserve the right to reject any MTM instruction in respect of Nil Paid Rights sent by or on behalf of any CREST member with a registered address in or located in the United States.

Notwithstanding the foregoing, the Nil Paid Rights may be offered and delivered to, and the Fully Paid Rights and the New Ordinary Shares may be offered to and acquired by, a limited number of Qualifying Shareholders whom the Company determines, in its sole discretion, are able, based on such procedures and certifications as it deems appropriate, to participate in the Rights Issue pursuant to an applicable exemption from the registration requirements of the US Securities Act. Specifically, a Qualifying Shareholder in the United States will be permitted to take up its entitlements to New Ordinary Shares under the Rights Issue only if it is a QIB and it executes a QIB Investor Letter in the form provided by the Company and delivers it to the Company with a copy to the Underwriters. The QIB Investor Letter will require each such QIB to represent and agree that, among other things: (i) it is a QIB; and (ii) it will only offer, sell, transfer, assign, pledge or otherwise dispose of the New Ordinary Shares in transactions exempt from the registration requirements of the US Securities Act and in compliance with applicable securities laws. The QIB Investor Letter contains additional written representations, agreements and acknowledgements relating to the transfer restrictions applicable to the New Ordinary Shares. Overseas Shareholders who hold Ordinary Shares through a bank, a broker or other financial intermediary, should procure that the relevant bank, broker or financial intermediary submits an QIB Investor Letter on their behalf. The Company has the discretion to refuse to accept any Provisional Allotment Letter that is incomplete, unexecuted or not accompanied by an executed QIB Investor Letter or any other required additional documentation.

Any person in the United States who obtains a copy of this document and/or a Provisional Allotment Letter and who is not a QIB is required to disregard them. Potential purchasers of the New Ordinary Shares in the United States are advised to consult legal counsel prior to making any offer for, resale,

pledge or other transfer of such New Ordinary Shares. No representation has been, or will be, made by the Company or the Underwriters as to the availability of Rule 144 under the Securities Act or any other exemption under the Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Ordinary Shares.

In addition, until 40 days after the commencement of the Rights Issue or the procurement of subscribers for the New Ordinary Shares not taken up in the Rights Issue, any offer, sale or transfer of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act if such offer or sale is made other than in accordance with an applicable exemption from registration under the US Securities Act.

The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares may not be deposited, or caused to be deposited, in any unrestricted depositary receipt facility in the United States.

7.3 US selling and transfer restrictions

Any person within the United States that subscribes for any New Ordinary Shares must meet certain requirements and will be deemed to have represented, acknowledged and agreed as follows (terms defined in Rule 144A or Regulation S shall have the same meaning in this section):

(i) It is a QIB and, if it is subscribing for or acquiring the New Ordinary Shares as a fiduciary or agent for one or more investor accounts: (a) each such account is a QIB; (b) it has investment discretion with respect to each such account; and (c) it has full power and authority to make the representations, warranties, agreements and acknowledgements in this document on behalf of each such account.

(ii) It understands and acknowledges (and each other QIB, if any, for whose account it is acquiring Nil Paid Rights, Fully Paid Rights or New Ordinary Shares has been advised, understands and has acknowledged) that none of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares have been or will be registered under the US Securities Act or any securities laws of any state or other jurisdiction of the United States, and that they may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered (collectively, "transferred"), directly or indirectly, in the United States, other than in accordance with (iv) below and that the New Ordinary Shares will be acquired by it in a transaction that is exempt from the registration requirements of the US Securities Act and that the New Ordinary Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act.

(iii) As a purchaser in a private placement of securities that have not been registered under the US Securities Act, it may only subscribe for or acquire Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, for its own account, or for the account of one or more other QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgements, representations and agreements herein with respect to each such account, in each case for investment and not with a view to any resale or distribution of any such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares.

(iv) It understands and agrees that, although offers and sales in the United States of the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares are being made only to QIBs, and that the Nil Paid Rights and Fully Paid Rights may be exercised only by QIBs in the United States, neither such offers and sales nor such exercises are being made under Rule 144A, and that if in the future it or any such other QIB for which it is acting, as described in (iii) above, or any other fiduciary or agent representing such investor decide to offer, sell, deliver, pledge, hypothecate or otherwise transfer any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, it and such other person will do so only (1) pursuant to an effective registration statement under the US Securities Act, (2) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the US Securities Act (and not in a pre-arranged transaction resulting in the resale of such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares into the United States), (3) to a QIB, or (4) pursuant to an exemption from, or in a transaction not subject to, registration under the US Securities Act provided by Rule 144 under the US Securities Act or another exemption from the registration requirements of the US Securities Act and, in each case, in accordance with any applicable securities laws of any state, province or territory of the United States and of any other jurisdiction. It understands (and each beneficial owner for which it is

acting, if any, has been advised and understands) that no representation can be made as to the availability of the exemption provided by Rule 144 or Rule 144A under the US Securities Act for the resale of New Ordinary Shares.

(v) To the extent it is an existing shareholder of the Company, it is the beneficial holder of or exercises full investment discretion with respect to its ordinary shares of the Company, as applicable.

(vi) It is aware and understands that an investment in New Ordinary Shares involves a considerable degree of risk and no US federal or state or non-US agency has made any finding or determination as to the fairness for investment or any recommendation or endorsement of any such investment.

(vii) It acknowledges that it has (i) conducted its own investigation and appraisal with respect to the New Ordinary Shares and the Company and (ii) received and reviewed all information, including a copy of this document, that it believes is necessary or appropriate in connection with its investment decision to purchase the New Ordinary Shares as contemplated hereby on the basis of its own independent investigation and appraisal of the business, financial condition, prospects, creditworthiness, status and affairs of the Company, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares. It has made its own assessment concerning the relevant tax, legal and other economic considerations relevant to an investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares. It acknowledges that neither the Company nor any person representing the Company has made any representation to it with respect to the Company or the offering or sale or exercise of any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares other than as set forth in the document, upon which it will rely solely in making its investment decision with respect to the Nil Paid Rights, the Fully Paid Rights and such New Ordinary Shares. It acknowledges that it will read and will agree to the matters stated in the document, including those set forth under section 7.2 (*Offering restrictions relating to the United States*) of this Part VII (*Terms and Conditions of the Rights Issue*).

(viii) It will base its investment decision solely on this document, including the information incorporated by reference into this document. It acknowledges that none of the Company, any of its affiliates or any other person (including any of the Underwriters or any of their respective affiliates) has made any representations, express or implied, to it with respect to the Company, the Rights Issue, the New Ordinary Shares or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Rights Issue or the New Ordinary Shares, other than (in the case of the Company and its affiliates only) the information contained or incorporated by reference in this document. It acknowledges and agrees that it will not hold the Underwriters or any of their affiliates or any person acting on their behalf responsible or liable for any misstatements in or omissions from any publicly available information relating to the Company. It acknowledges that it has not relied on any investigation that the Underwriters or any person acting on their behalf may or may not have conducted, nor any information contained in any research reports prepared by the Underwriters or any of their respective affiliates, and it has relied solely on its own judgement, examination and due diligence of the Company, and the terms of the transaction, including the merits and risks involved, and not upon any view expressed by or information provided by, or on behalf of, the Underwriters or any of their affiliates. It understands that this document has been prepared in accordance with the Prospectus Rules of the FCA, which differ from US disclosure requirements. In particular, but without limitation, the financial information contained in or incorporated by reference into this document has been prepared in accordance with IFRS as adopted in the European Union, and thus may not be comparable with financial statements of US companies prepared in accordance with US GAAP.

(ix) It acknowledges that this document, any related Provisional Allotment Letter or any other presentational or other materials concerning the Rights Issue (including electronic copies thereof) shall not be duplicated, distributed, forwarded, transferred or otherwise transmitted within the United States. As such, it agrees that it has held and will hold this document, any related Provisional Allotment Letter or any other presentational or other materials concerning the Rights Issue (including electronic copies thereof) in confidence, it being understood that the document and any related Provisional Allotment Letter that it has received or will receive are solely for its use, and that it will not duplicate, distribute, forward, transfer or otherwise transmit this document, any related Provisional Allotment Letter or any other presentational or other materials concerning the Rights Issue (including electronic copies thereof) to any person within the United States (other

than a QIB on behalf of which it acts), and it has not duplicated, distributed, forwarded, transferred or otherwise transmitted any such materials to any person (other than a QIB on behalf of which it acts).

(x) It, and each other QIB, if any, for whose account it may subscribe for or acquire Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, in the normal course of business, invests in or purchases securities similar to the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing or subscribing for any of the Nil Paid Rights, the Fully Paid Rights and such New Ordinary Shares, fully understands the limitations on ownership and transfer and restriction on sales of the Nil Paid Rights, the Fully Paid Rights and such New Ordinary Shares and is aware that it must bear the economic risk of an investment in its Nil Paid Rights, Fully Paid Rights or New Ordinary Shares for an indefinite period of time and is able to afford the complete loss of such investment and bear such risk for an indefinite period.

(xi) It acknowledges that its purchase of any New Ordinary Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this document. It agrees that it: (a) has no need for liquidity with respect to its investment in the New Ordinary Shares; and (b) has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the New Ordinary Shares.

(xii) It acknowledges and agrees that it is not subscribing for or acquiring the New Ordinary Shares as a result of any "general solicitation" or "general advertising" (as those terms are defined in Regulation D under the US Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over the radio or television or as a result of a seminar or meeting whose attendees have been invited by "general solicitation" or "general advertising" or "directed selling efforts" (as that term is defined in Regulation S).

(xiii) It acknowledges that the New Ordinary Shares will be "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and agrees that for so long as such New Ordinary Shares are "restricted securities" (as so defined), they may not be deposited into any unrestricted depositary facility established or maintained by any depositary bank, and that such New Ordinary Shares will not settle or trade through the facilities of The Depository Trust Company or any other U.S. exchange or clearing system.

(xiv) To the extent it has received or will receive a Provisional Allotment Letter in respect of the Rights Issue, it understands and agrees that it shall bear a legend substantially in the form below:

THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS AND THE NEW ORDINARY SHARES OF THE COMPANY TO WHICH THIS PROVISIONAL ALLOTMENT LETTER RELATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER PROVINCE OR TERRITORY OF THE UNITED STATES. THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS AND THE NEW ORDINARY SHARES MAY NOT, SUBJECT TO CERTAIN EXCEPTIONS, BE OFFERED, SOLD, TAKEN UP OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA OR ITS TERRITORIES OR POSSESSIONS.

(xv) It acknowledges that, to the extent the New Ordinary Shares are delivered in certificated form, the certificate delivered in respect of the New Ordinary Shares will bear a legend substantially to the following effect for so long as the securities are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER PROVINCE OR TERRITORY OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF EXCEPT (A) TO THE COMPANY; OR (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT; OR (C) TO A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN AND IN COMPLIANCE WITH RULE 144A; OR (D) PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO,

REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL (AND OF SUCH OTHER EVIDENCE THAT THE COMPANY MAY REASONABLY REQUIRE) THAT SUCH TRANSFER OR SALE IS IN COMPLIANCE WITH THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER PROVINCE OR TERRITORY OF THE UNITED STATES. BY ITS ACCEPTANCE OF THESE SECURITIES THE PURCHASER REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER ("QIB") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT AND THAT IT IS EITHER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER PURCHASERS WHO ARE QIBs AND AGREES THAT THE SECURITIES ARE NOT BEING ACQUIRED WITH A VIEW TO DISTRIBUTION. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE SHARES REPRESENTED HEREBY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY WILL BE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(A)(3) UNDER THE SECURITIES ACT AND FOR SO LONG AS SUCH SHARES ARE "RESTRICTED SECURITIES" (AS SO DEFINED) THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

(xvi) It represents that if, in the future, it reoffers, resells, pledges or otherwise transfers the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, it shall notify such subsequent transferee of the restrictions on transfer set out herein.

(xvii) It acknowledges and agrees that the Company may make notation on its records or give instructions to the Registrar and any transfer agent of the Nil Paid Rights, Fully Paid Rights or the New Ordinary Shares in order to implement the restrictions on transfer set forth and described herein, and it shall not have any obligation to recognise any offer, resale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described in this section.

(xviii) No agency of the United States or any state thereof has made any finding or determination as to the fairness of the terms of, or any recommendation or endorsement in respect of, the New Ordinary Shares.

(xix) It is not an affiliate (as defined in rule 501(b) under the US Securities Act) of the Company, and is not acting on behalf of an affiliate of the Company.

(xx) It confirms that, to the extent it is purchasing New Ordinary Shares for the account of one or more persons: (a) it has been duly authorised to make the confirmations, acknowledgements and agreements set forth herein on their behalf; and (b) these provisions constitute legal, valid and binding obligations of it and any other persons for whose account it is acting.

(xxi) It acknowledges and agrees that the Company, its affiliates, the Underwriters, their respective affiliates, the Registrar and others will rely upon the truth and accuracy of the foregoing warranties, acknowledgements, representations and agreements. It agrees that if any of the representations, warranties, agreements and acknowledgements deemed to be made cease to be accurate, it shall notify the Company and the Underwriters promptly, and in any event prior to any attempted purchase of or subscription for, as applicable, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares.

(xxii) It represents and warrants that all necessary actions have been taken to authorise the purchase by it of the New Ordinary Shares.

(xxiii) It and any person acting on its behalf have all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto.

7.4 Other Excluded Territories

Due to restrictions under the securities laws of the other Excluded Territories (i.e. other than the United States), subject to certain exceptions, this document and the Provisional Allotment Letters will

not be sent to, and Nil Paid Rights will not be credited to a stock account in CREST of, Qualifying Shareholders with registered addresses in any other Excluded Territories. The New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters have not been and will not be registered under the relevant laws of any other Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any other Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or located in (as applicable), any other Excluded Territory except pursuant to an applicable exemption. Accordingly, subject to certain exceptions, the Rights Issue is not being made in any other Excluded Territory and neither this document nor the Provisional Allotment Letter constitutes or will constitute an offer or an invitation to apply for, or an offer or an invitation to subscribe for or acquire, any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights in any other Excluded Territory.

7.5 Overseas territories other than the Excluded Territories

Provisional Allotment Letters will be posted to Qualifying Non-CREST Shareholders (other than subject to certain limited exceptions, those Qualifying Non-CREST Shareholders who have registered addresses in the United States or any of the other Excluded Territories) and Nil Paid Rights will be credited to the CREST stock accounts of Qualifying CREST Shareholders (other than, subject to certain limited exceptions, those Qualifying CREST Shareholders who have registered addresses in the United States or any of the other Excluded Territories). Such Qualifying Shareholders may, subject to the laws of their relevant jurisdictions, accept their rights under the Rights Issue in accordance with the instructions set out in this document and, if relevant, the Provisional Allotment Letter.

If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares or to deal in Nil Paid Rights or Fully Paid Rights, you should contact your appropriate professional adviser as soon as possible.

(A) Member States of the EEA (other than the United Kingdom)

In relation to each member state of the European Economic Area (except the United Kingdom) (each, a Relevant Member State), none of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights may be offered or sold to the public in that Relevant Member State except that an offer of such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may be made to the public in that Relevant Member State: (i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation; (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) per Relevant Member State, subject to obtaining the prior consent of the Joint Sponsors and Underwriters for any such offer; or (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights shall require Whitbread or the Underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Regulation and each person who initially acquires any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights or to whom any offer is made under the Rights Issue will be deemed to have represented, acknowledged, and agreed that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation.

For the purposes of this selling restriction, the expression an "offer of New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights to the public" in relation to any New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights to be offered so as to enable an investor to decide to acquire the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights.

In the case of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights being offered to a financial intermediary, as that term is used in the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights to the public other than their offer or resale in a Relevant Member State to "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation. Whitbread, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

(B) Hong Kong

The New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights may not be offered or sold in Hong Kong, by means of any document, other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) of Hong Kong (the "**C(WUMP)O**") or an invitation to induce an offer by the public to subscribe for or purchase any shares and which do not result in this document or the Provisional Allotment Letter being a "prospectus" as defined in the C(WUMP)O. No advertisement, invitation or document relating to the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters or this document may be issued or may be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO or in other circumstances which do not constitute an offer or invitation to the public within the meaning of the C(WUMP)O.

The contents of this document and the Provisional Allotment Letter have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document or the Provisional Allotment Letter, you should obtain independent professional advice.

(C) Canada

This document is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of securities in Canada. No Canadian securities regulatory authority has expressed an opinion about the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights and it is an offence to claim otherwise.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Resale Restrictions

The distribution of the Provisional Allotment Letters, the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights in Canada is being made only on a private placement basis exempt from the requirement that the Company prepare and file a prospectus with the applicable securities regulatory authorities. The Company is not a reporting issuer in any province or territory in Canada and the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights are not listed on any stock exchange in Canada and there is currently no public market for the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights in Canada. The Company currently has no intention of becoming a reporting issuer in Canada, filing a prospectus with any securities regulatory authority in Canada to qualify the resale of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights to the public, or listing the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights on any stock exchange in Canada. Accordingly, to be made in accordance with securities laws, any resale of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights issued hereunder in Canada must be made under available statutory exemptions from registration and prospectus requirements or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. **Canadian holders are advised to seek legal advice prior to any resale of the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights.**

Canadian Tax Considerations

No representation or warranty is made as to the tax consequences to a Canadian resident of the Rights Issue or an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights. Canadian residents are advised that the Rights Issue or an investment in the New Ordinary Shares, the Nil Paid Rights or the Fully Paid Rights may give rise to particular tax consequences affecting them. **Accordingly, Canadian residents are strongly encouraged to consult with their**

own tax advisers as to the consequences to them of the Rights Issue and any other transactions described herein in light of their particular circumstances, including as to whether any amount is required to be included in income as a consequence of the receipt of Nil Paid Rights under the Rights Issue.

Representations of Purchasers

Each Canadian purchaser who purchases New Ordinary Shares directly from the Underwriters or the Company and not pursuant to the exercise of Nil Paid Rights or Fully Paid Rights, will be deemed to have represented to, and agreed with, the Company and the Underwriters that:

(i) the purchaser is a resident of one of the provinces or territories of Canada;

(ii) the purchaser is not an individual;

(iii) the purchaser is an "accredited investor" as defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario) and is either purchasing the New Ordinary Shares as principal for its own account, or is deemed to be purchasing the New Ordinary Shares as principal for its own account in accordance with applicable Canadian securities laws;

(iv) if the purchaser is an "accredited investor" in reliance on paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106, the purchaser was not created or used solely to purchase or hold securities as an accredited investor under that paragraph (m); and

(v) the purchaser is a "permitted client" as defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Obligations*.

Purchaser Rights

Securities legislation in certain of the provinces of Canada provides certain purchasers with rights of rescission or damages, or both, where an offering memorandum or any amendment to it contains a misrepresentation. A "misrepresentation" is an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies must be commenced by the purchaser within the time limits prescribed and are subject to the defences contained in the applicable securities legislation.

The following is a summary of the statutory rights of rescission or damages, or both, under securities legislation in certain of the provinces of Canada where such summary is required to be disclosed under the relevant securities legislation, and as such, is subject to the express provisions of the legislation and the related regulations and rules and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and statutory defences not described here on which the issuer and other applicable parties may rely. The rights described below are in addition to, and without derogation from, any other right or remedy available at law to certain purchasers of the securities. **Canadian purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal adviser.**

Ontario Purchasers

Under Ontario securities legislation, certain purchasers who purchase securities offered hereby during the period of distribution will have a statutory right of action for damages or, while still the owner of the securities, for rescission against the issuer if this document contains a misrepresentation without regard to whether the purchasers relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer will have no liability. In the case of an action for damages, the issuer will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the

securities as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Not all defences upon which the issuer may rely are described herein. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

New Brunswick Purchasers

Under New Brunswick securities legislation, certain purchasers who purchase securities offered by this document during the period of distribution will have a statutory right of action for damages or, while still the owner of the securities, for rescission against the issuer and every director of the issuer as of the date hereof in the event that this document contains a misrepresentation, without regard to whether the purchasers relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of one year from the date the purchaser first had knowledge of the facts giving rise to the cause of action and six years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer will have no liability. In the case of an action for damages, the issuer will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to a New Brunswick purchaser. The foregoing is a summary of the rights available to a New Brunswick purchaser. Not all defences upon which the issuer may rely are described herein. New Brunswick purchasers should refer to the complete text of the relevant statutory provisions.

Nova Scotia Purchasers

Under Nova Scotia securities legislation, certain purchasers who purchase securities offered by this document during the period of distribution will have a statutory right of action for damages against the issuer and the directors of the issuer as of the date hereof, or while still the owner of the securities, for rescission against the issuer if this document, or a document incorporated by reference in or deemed incorporated into this document, contains a misrepresentation, without regard to whether the purchasers relied on the misrepresentation. The right of action for damages or rescission is exercisable not later than 120 days from the date on which payment is made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer or the directors of the issuer. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer and the directors of the issuer will have no liability. In the case of an action for damages, the issuer and the directors of the issuer will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to a Nova Scotia purchaser. The foregoing is a summary of the rights available to a Nova Scotia purchaser. Not all defences upon which the issuer or others may rely are described herein. Nova Scotia purchasers should refer to the complete text of the relevant statutory provisions.

Saskatchewan Purchasers

Under Saskatchewan securities legislation, certain purchasers who purchase securities offered by this document during the period of distribution will have a statutory right of action for damages against the issuer and every director of the issuer as of the date hereof, and every person or company who sells the securities on behalf of the issuer under this document, or while still the owner of the securities, for rescission against the issuer if this document contains a

misrepresentation, without regard to whether the purchasers relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of one year from the date the purchaser first had knowledge of the facts giving rise to the cause of action and six years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer or the others listed above. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer and the others listed above will have no liability. In the case of an action for damages, the issuer and the others listed above will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon. A purchaser who receives an amended version of this document has the right to withdraw from the agreement to purchase the securities by delivering a notice to the issuer within two business days of receiving the amended document. These rights are in addition to, and without derogation from, any other rights or remedies available at law to a Saskatchewan purchaser. The foregoing is a summary of the rights available to a Saskatchewan purchaser. Not all defences upon which the issuer or others may rely are described herein. Saskatchewan purchasers should refer to the complete text of the relevant statutory provisions.

Language of Documents

Upon receipt of this document, the purchaser hereby confirms that he, she or it has expressly requested that all documents evidencing or relating in any way to the offer and/or sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, l'acheteur confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à l'offre ou à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

(D) Switzerland

The offering of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because it is made to a limited number of persons which is less than 500 and falls within the exemption of article 36 section 1 lit. b) FinSA and the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the New Ordinary Shares, the Nil Paid Rights and/or the Fully Paid Rights.

7.6 Representations and warranties relating to overseas territories other than the United States and the other Excluded Territories

(A) Qualifying Non-CREST Shareholders

Any person accepting and/or renouncing a Provisional Allotment Letter or requesting registration of interests in New Ordinary Shares comprised therein represents and warrants to Whitbread and each of the Underwriters that, except where proof has been provided to the satisfaction of Whitbread and the Underwriters that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or renouncing the Provisional Allotment Letter from within the United States or any of the other Excluded Territories; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Ordinary Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the United States or any other Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept or renounce was given; and (iv) such person is not subscribing for or acquiring New Ordinary Shares with a view to the offer, sale, pledge, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any other Excluded Territory or any territory referred to in (ii) above.

Whitbread and the Underwriters may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter if it: (i) appears to Whitbread and the Underwriters to have been executed in or despatched from the United States or any other Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if they believe the same may violate any applicable legal or regulatory requirement; (ii) provides an address in the United States or any other Excluded Territory for delivery of definitive share certificates for New Ordinary Shares (or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates); or (iii) purports to exclude the warranty required by this section.

(B) Qualifying CREST Shareholders

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedure set out in section 4 (*Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights or Fully Paid Rights in CREST*) of this Part VII (*Terms and Conditions of the Rights Issue*) represents and warrants to Whitbread and the Underwriters that, except where proof has been provided to the satisfaction of Whitbread and the Underwriters that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not within the United States or any of the other Excluded Territories; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for or acquire Nil Paid Rights, Fully Paid Rights or New Ordinary Shares; (iii) such person is not acting on a non-discretionary basis for a person located within the United States or any other Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not subscribing for or acquiring Nil Paid Rights, Fully Paid Rights or New Ordinary Shares with a view to the offer, sale, pledge, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New Ordinary Shares into the United States or any other Excluded Territory or any territory referred to in (ii) above.

Whitbread and the Underwriters may treat as invalid any MTM instruction which appears to Whitbread and the Underwriters to have been despatched from the United States or any of the other Excluded Territories or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if they or their agents believe the same may violate any applicable legal or regulatory requirement or purports to exclude the warranty required by this section.

7.7 Waiver

The provisions of this section 7 (*Overseas Shareholders*) and of any other terms of the Rights Issue relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholder(s) or on a general basis by Whitbread and the Underwriters in their absolute discretion. Subject to this, the provisions of this section 7 (*Overseas Shareholders*) of this Part VII (*Terms and Conditions of the Rights Issue*) supersede any terms of the Rights Issue inconsistent herewith. References in this section 7 (*Overseas Shareholders*) to Shareholders shall include references to the person or persons executing a Provisional Allotment Letter and, in the event of more than one person executing a Provisional Allotment Letter, the provisions of this section 7 (*Overseas Shareholders*) shall apply jointly to each of them.

8. TAXATION

Certain information on taxation in the United Kingdom and the United States with regard to the Rights Issue and the holding of New Ordinary Shares is set out in Part XI (Taxation) of this document. The information contained in Part XI (Taxation) is intended only as a general guide to certain aspects of the current tax position in the United Kingdom and the United States and Qualifying Shareholders in the United Kingdom and the United States should consult their own tax advisers regarding the tax treatment of the Rights Issue and the holding of New Ordinary Shares in light of their own circumstances. **Qualifying Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser as soon as possible.**

Qualifying Shareholders should note that the tax legislation of their jurisdiction of tax residence may, for example, have an impact on the tax treatment of any dividends which they receive in respect of New Ordinary Shares.

9. TIMES AND DATES

Whitbread shall in its discretion and after consultation with the Underwriters be entitled to amend the dates that Provisional Allotment Letters are despatched or dealings in Nil Paid Rights commence and amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this document and in such circumstances shall announce such amendment via a Regulatory Information Service and notify the FCA and, if appropriate, the Qualifying Shareholders. Qualifying Shareholders may not therefore receive any direct further written communication of any such amendment.

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the date specified in this document as the latest date for acceptance and payment in full under the Rights Issue (or such later date as may be agreed between the Company and the Underwriters), the latest date of acceptance under the Rights Issue shall be extended to the date which is three Business Days after the date of issue of the supplementary prospectus (or such later date as may be agreed between the Company and the Underwriters), and the dates and times of principal events due to take place following such date shall be extended accordingly.

10. SHARE PLANS

In accordance with the rules of the applicable Share Plan, outstanding options and awards, and any applicable performance conditions, may be adjusted to take account of the Rights Issue. This is subject to the prior approval (where required) of the relevant tax authorities. Participants in the applicable Share Plans will be notified of any adjustment separately.

11. EMPLOYEE SHAREHOLDERS

To the extent that employees are also Shareholders, their Ordinary Shares will be treated in the same way in the Rights Issue as Ordinary Shares held by any other Shareholder. Such treatment is detailed in this document but any further queries should be directed to the Shareholder Helpline on 0344 8552327 (from inside the United Kingdom). The Shareholder Helpline is available from 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding United Kingdom public holidays). Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Rights Issue or to provide financial, investment or taxation advice.

If the employee Shareholder holds his Ordinary Shares through a nominee arrangement, the employee may need to instruct the nominee, for example, whether or not to accept the rights attaching to the employee's Ordinary Shares. Employee Shareholders will be contacted in due course in this regard.

12. GOVERNING LAW

The terms and conditions of the Rights Issue as set out in this document and the Provisional Allotment Letter shall be governed by, and construed in accordance with, the laws of England and Wales (including, without limitation, any non-contractual obligations arising out of or in connection with the Rights Issue and, where appropriate, the Provisional Allotment Letter).

13. JURISDICTION

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter). By accepting rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales (including, without limitation, in relation to any disputes relating to any non-contractual obligations arising out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter) and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART VIII
BUSINESS AND MARKET OVERVIEW

1. OVERVIEW

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. The Group's restaurants, which operate under brands such as Beefeater, Brewers Fayre, Bar + Block and Thyme, are typically co-located with or inside the Group's Premier Inn hotels in the United Kingdom. The Group's Adjusted EBITDA (pre-IFRS 16) in the year ended 27 February 2020 was £567.4 million, with Adjusted Operating Profit amounting to £486.8 million and Adjusted Revenue of £2,062.1 million. As at 27 February 2020, the Group employed more than 35,000 people and served over five million customers per month in the financial year ended 27 February 2020.

2. DEVELOPMENT OF THE GROUP

The Whitbread business was founded in 11 December 1742 when Samuel Whitbread entered into partnership with Godfrey and Thomas Shewell to acquire and operate a number of breweries in East London. A few decades after forming the partnership, Samuel Whitbread bought out his partner's shares of the business and by the late-eighteenth century, the Whitbread brewery was the largest in the world.

Whitbread Group plc, one of the main trading entities of the Group and a wholly-owned subsidiary of the Company, was incorporated in England and Wales on 25 July 1889 under the name 'Whitbread and Company Public Limited Company' as a company with limited liability under the Companies Act 1886 with registered number 29423. On 1 March 1991 its name was changed to 'Whitbread plc' and thereafter to 'Whitbread Group plc' on 10 May 2001. The Company was incorporated in England and Wales on 1 December 2000 under the name 'Whitbread Holdings plc' as a public limited company under the Companies Act 1985 with registered number 04120344. On 10 May 2001 its name was changed to 'Whitbread plc'. The Company is listed on the premium listing segment of the Official List of the FCA and traded on main market of the London Stock Exchange. As at the date of this document, the Company is a constituent company of the FTSE 100 Index.

During the twentieth century, the Group diversified its alcohol offering, developing a liquor division, which included brands such as Beefeater Gin, Long John Scotch whiskey and the Buckingham Wine Company. In 1989, this division was sold to Allied Domecq plc (formerly Allied Lyons plc). The Group continued to brew beer until it sold its breweries and brewing interests to Anheuser-Busch InBev (formerly Interbrew SA) in 2000. Following this sale, in 2001 the Group sold its pub estate, The Laurel Pub Company, to Morgan Grenfell Group plc (at the time a division of Deutsche Bank), which in turn sold on much of the estate to Ei Group Plc (formerly Enterprise Inns plc).

In 1974, the Group opened its first Beefeater pub restaurant, followed by the first Brewers Fayre pub restaurant in 1979. In 1987 the Group opened its first Travel Inn hotel. During the 1990s, the Group expanded its hospitality offering through strategic acquisitions in the United Kingdom of David Lloyd Leisure, the United Kingdom operating rights for the US restaurant brand TGI Fridays as well as a 50% stake in Pizza Hut UK. The Group also acquired a number of Marriott Hotels during this time, which it initially ran as a franchisee before selling them to a joint venture between Whitbread Group plc and Marriott International, Inc. All of these businesses were later sold as part of an initiative to focus on proprietary rather than third-party owned brands. In 2004, the Group acquired the hotel chain Premier lodge (adding 141 hotels to its portfolio) and merged the hotels with its existing estate to form the "Premier Travel Inn" brand. In 2006, the Group sold 239 standalone Brewers Fayre and Beefeater pub restaurants in order to concentrate its restaurant operations on sites co-located with its hotels. In 2007, the Group rebranded its hotels as "Premier Inn" and in 2015, the 700th Premier Inn hotel was opened.

In 1995, the Group acquired the coffee brand Costa for £19 million at a time when the chain had only 39 coffee shops. During the Group's ownership of Costa, the division grew to over 2800 cafes across 30 countries. On 3 January 2019, the Group completed the sale of Costa to Coca-Cola for £3.9 billion. At the time of sale, Costa's business comprised Costa-branded coffee shops in the United Kingdom and overseas, and Costa Express, a coffee-vending machine business.

The sale of Costa has enabled the Group to streamline its activities to become a focused hotel and restaurants business. The Group operated 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.

3. MARKET OVERVIEW

3.1 United Kingdom hotel market

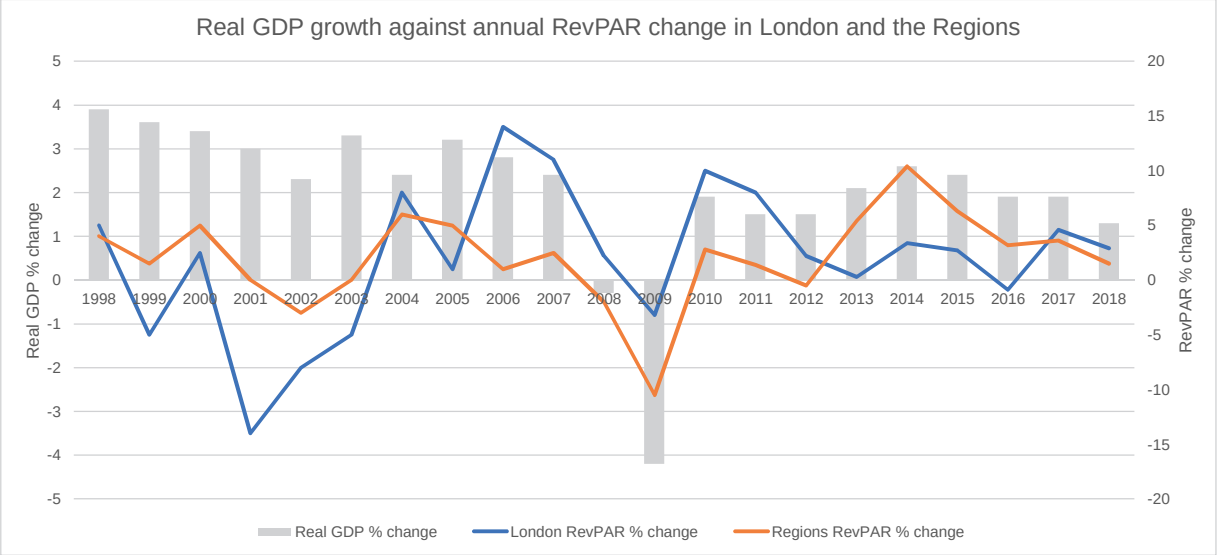
As at September 2019, the United Kingdom hotel market comprised approximately 713,000 hotel rooms and, under its Premier Inn brand, the Group enjoyed an 11% share of this market. The United Kingdom is densely populated (with a population of more than 66 million as of 2018), which the Group believes drives domestic short-stay travel. The Group believes that once the effects of the COVID-19 pandemic have passed, growth in the demand for hotels in the United Kingdom is likely to return over time, in part due to the expected population growth in the United Kingdom and the increasing percentage of discretionary consumer spend in the United Kingdom spent on leisure activities such as travelling. While domestic business and leisure travel generates the majority of the revenue in the United Kingdom hotel market, between 2016 and 2019 the market has also seen growth in international inbound travel, particularly in London. The number of room nights stayed in the United Kingdom hotel market has grown by 1.9% (on a three-year compound annual growth rate ending December 2019).

The United Kingdom hotel market remains highly fragmented from a supply standpoint, with approximately half of the supply provided by independent hotels as of September 2019. Between 2010 and 2019, branded hotels have grown their market share from 43% to 52% at the expense of independent hotels, with budget-branded hotels growing faster than other branded hotels. Budget-branded hotels have historically outperformed independent hotels during economic downturns. Between 2008 and 2012, budget-branded hotels increased supply by 18%, while supply of independent hotels fell by 12%. During the same period, Premier Inn increased its supply in the United Kingdom by 28%. 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.

In the United Kingdom, the Group competes with traditional budget/mid-market hotel operators (including Travelodge, Holiday Inn Express, Ibis Hotels, independent hotel operators, as well as other budget/mid-market brands of diversified hospitality companies such as Marriott International, Inc. and Hilton Worldwide Holdings Inc.), online travel agents and third-party distributors (including Booking.com and Expedia) and sharing economy platforms (including Airbnb). The Group differs quite considerably from some of its more internationally diversified competitors in terms of where customers originate, with 92% of the Group's rooms being sold to domestic travellers, for the 12 months ended September 2019, compared to the market as a whole where domestic travellers account for around 63% for the 12 months ended September 2019. Domestic short-stay travellers have a higher frequency of visit and, as a result, a greater likelihood of repeat stays if their needs are met. The Group's business in the United Kingdom is predominantly outside London. This is important, both to meet customers' need to have hotels in the locations they need or wish to visit and for the Group to achieve scale. The Group attracts a good mix of business (approximately 50%) and leisure (approximately 50%) travellers, which helps achieve higher overall Occupancy. In the financial year ended 27 February 2020, the Group achieved 76% Occupancy in the United Kingdom.

As with the global hospitality industry, the United Kingdom hotel market is cyclical in nature and has a strong correlation with GDP, business confidence and consumer discretionary spending, especially in areas outside London (the "**Regions**"). For example, between 2010 and 2018, Occupancy and RevPAR in the Regions increased from 74.4% to 77.1% and £38.24 to £45.36, respectively, as economic conditions continued to improve and discretionary spending increased after the financial

crisis in 2008. The chart below illustrates changes in the RevPAR in London and the Regions in light of changes in GDP in the United Kingdom between 1998 and 2018.



Source: PwC, UK Hotels Forecast 2019–2020: Turn disruption into opportunity (September 2019)

Since 2010, an ambitious network expansion programme has increased the Group's share of the United Kingdom hotel market from 6% to 11%. The Group's growth has outpaced the rest of the budget-branded sector by 30% over the same period. The Group has won market share by opening new hotels and expanding existing hotels that provide domestic short-stay guests with an appealing mix of quality, service and price.

The Group believes that once the effects of the COVID-19 pandemic have passed, growth in the demand for hotels in the United Kingdom is likely to return over time. This growth is expected to be broad-based across all international and domestic leisure and business travel segments. Furthermore, independent hotels operating in the United Kingdom hotel market are expected to continue to face significant challenges. These challenges include an increase in costs, such as the National Living Wage, rent and rates, and the increasing reach of online travel agents, which are often the only available route to market for independent hotels and which charge high rates of commission on bookings. The Group expects this pressure on independent hotels to grow over the next few years, creating an ongoing structural opportunity for high quality, budget-branded hotels, which the Group believes it is well-placed to capture through additional new, efficient and high-quality hotel capacity.

3.2 German hotel market

As at February 2019, the German hotel market comprised approximately 992,000 hotel rooms, making it more than 30% larger than that of the United Kingdom. Germany had a population of more than 83 million as of 2018. The German hotel market has been growing at a faster rate than that in the United Kingdom, with growth in the number of room nights stayed of 2.7% (on a three-year compound annual growth rate ending December 2019). In addition, the German hotel market is even more fragmented than in the United Kingdom, with independent hotels accounting for about 72% of the supply as of September 2019. The key traditional budget/mid-market hotel operators competing with the Group in Germany are Motel One, Holiday Inn Express, Ibis, B&B, Novum, Prizeotel and InterCity, as well as independent operators.

The German hotel market is also more domestic travel-oriented than the United Kingdom at around 80% of the total market (as of February 2019). This high proportion of domestic travel is a product of Germany's geography and history. Germany is significantly more regionally dispersed than the United Kingdom due to its history and federalised political and industrial structure. This geographic dispersion drives higher levels of demand for short-stay travel, particularly business-led short-stay travel. Therefore, there is a greater frequency of travel by the type of customer that the Group has successfully served in the United Kingdom. As a result, with only a handful of small adaptions to meet German consumer tastes, the Group believes that the Premier Inn proposition is ready-made for the most substantial part of a larger, growing hotel market. The total budget-branded sector in Germany is only around 9% of the total market, compared to 28% in the United Kingdom, in each case as of September 2019.

There are structural barriers to entry to the German hotel market because of the nature of the property market in Germany. With limited hotel property financing structures, such as hotel real estate investment trusts, and greater opportunities in the four and five-star sector for asset-light models, there has been limited new capacity added in the budget sector, which is considered to be the hardest sector in which to earn a return using asset-light business models. This has meant that international budget, asset-light operators have struggled to find franchisees able to find and operate appropriate new hotel sites. In fact, among the hotel businesses that have been able to deliver growth, most adopt a similar lease and/or owner-operator model to the Group. The Group therefore believes that, in order to add capacity at scale in the budget sector, an operator needs to be willing to develop freehold sites, sign long leases or buy-out existing operators. These structural elements, which are consistent with the Group's business model, make the opportunity to grow in Germany attractive to the Group over the longer term.

4. STRATEGY AND STRENGTHS

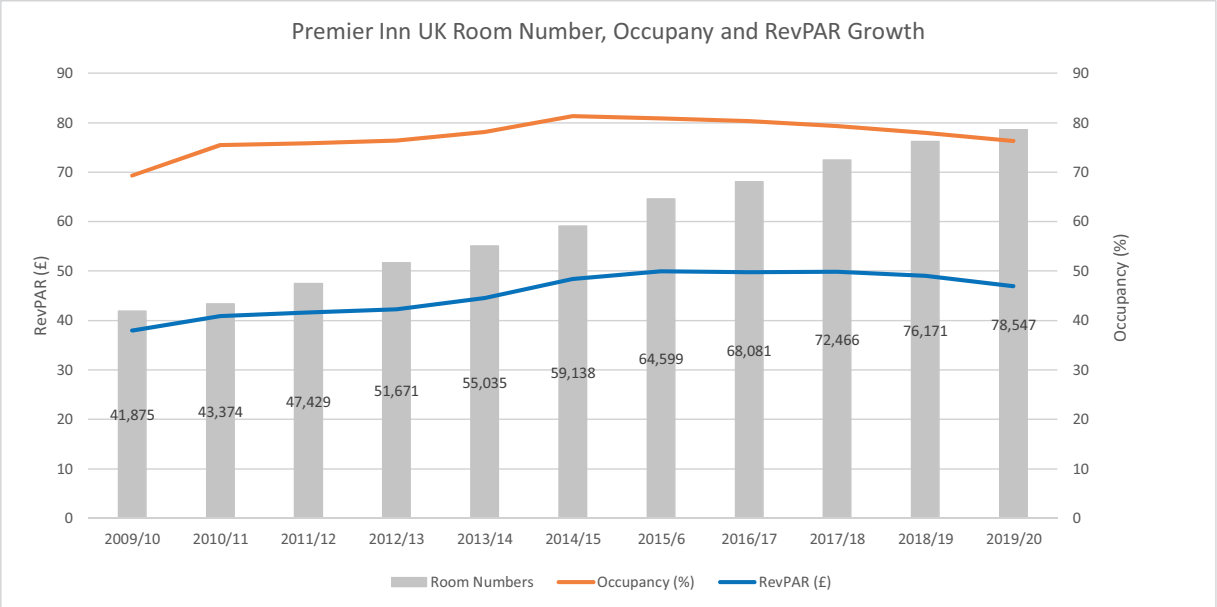
The Group's strategic objective is to be the world's best budget hotel business, delivering quality and value for money for customers while creating sustainable long-term value for Shareholders.

4.1 Strengths

(A) 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 business has accelerated its expansion in Germany with a current open and committed pipeline of almost 10,000 rooms across 52 hotels.

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. The chart below illustrates changes in the Group's Occupancy, RevPAR and number of rooms in the United Kingdom over the ten financial years ended 27 February 2020.

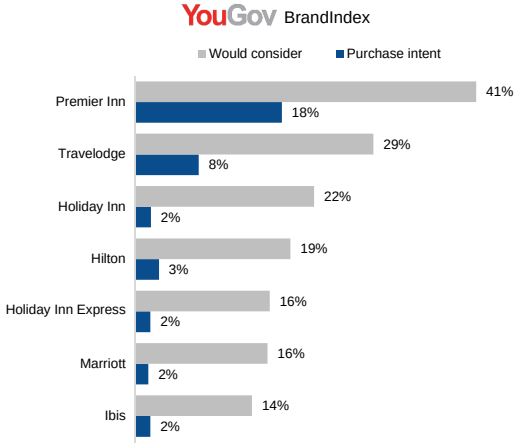


(B) A focused and vertically-integrated international business

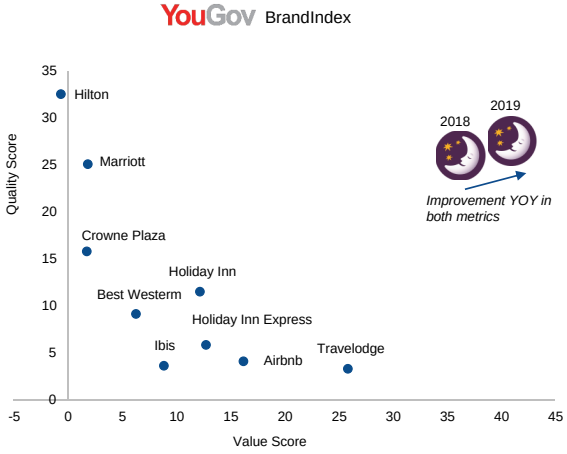
The Group's unique vertically-integrated business model, which combines the ownership of freehold and leasehold property, hotel and restaurant operations, its brands and inventory distribution, has enabled the Group to grow at a significantly faster pace than competitors and deliver a consistent, high-quality 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. In the most recent YouGov Hotel Brand Index survey, Premier Inn was voted number one for combined value and quality and number one for customers' first-choice consideration.

Delivering industry-leading customer experience

The first choice for more travellers



Excellent quality and value creates strong brand



Source: *YouGov BrandIndex* (scores based on a 12 week moving average on 29 Aug 2019) and *YouGov Quality & Value* (scores as at 29 February 2020 based on a 52-week moving average).

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, with each operational efficiency, learning or action typically applied across the entire hotel estate.

The Group believes its ownership model is the optimal approach to both access the structural growth opportunities in the segment and create sustainable value for Shareholders over the long-term. The key features and advantages of the Group's unique vertically-integrated business model are described below.

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, such as laundry drop costs, and rationalising management overheads, such as "dual-site" management structures where hotels are located in proximity to each other.

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. The direct channels include the Premier Inn website, Premier Inn app, Premier Inn customer contact centre and hotel front desks. The Group also uses its direct channels to supply inventory to global distribution systems, such as Amadeus, and a bespoke inventory feed called Direct Connect which enables third-parties, including both corporate customers

and travel management companies, to access Premier Inn inventory through their own systems. The Group's indirect distribution channels include only one online travel agent, Booking.com.

The Group has developed a proprietary and bespoke dynamic pricing system, which manages inventory availability and pricing across all sales channels and responds to changes in demand. The system is managed in-house, with all trading strategies and supporting system algorithms determined by a central team. This system is integrated with the Group's digital distribution channels and digital marketing capability, so that the price of the inventory available across sales channels and marketing campaigns is determined by the overall pricing system. This ensures marketing costs are only incurred in hotels which are not expected to be fully occupied, which helps to maximise RevPAR, while keeping marketing and distribution costs low.

In addition, the Group's 97% rate of direct distribution in the financial year ended 27 February 2020 is industry-leading and an important part of the Group's operating model. It 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. Through detailed network planning and disciplined investment in freehold and leasehold hotels, the Group has become the largest hotel operator in the United Kingdom by both number of rooms and number of properties.

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 initial development of hotels and their subsequent maintenance, extension or re-development, while also allowing the Group to capture development profits. Leasehold properties give the Group access to town and city centre locations where freehold properties may not be available at viable prices or at all. The Group believes this flexible approach will continue to provide further opportunities to grow its network of hotels.

The value of the Group's freehold and long-term leasehold properties is also important financially and provides the Group with good covenant strength, meaning the Group is often the preferred tenant in competitive bid situations for new leasehold developments, 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 through financing options, primarily through sale and leasebacks. More than 33% of the Group's freehold and long-term leasehold value of fully mature sites is held in properties in London and other major cities. The Group has a good track-record of sale and leaseback transactions at favourable yields with £244 million of proceeds achieved through a series of four sale and leaseback transactions in central London signed in the financial years ended 2 March 2017, 1 March 2018 and 27 February 2020. All of these transactions realised at an attractive value. The Group views sale and leaseback transactions as a possible financing strategy if they are economically viable compared to the cost of debt and if property market conditions support an attractive value. The Group only considers hotels for sale and leaseback transactions if the hotel is mature, has no further development opportunities or is unlikely to be sold out of the portfolio at a future date. However, the Group also believes its flexible approach to property, with a significant share of freehold properties, is optimal, both in terms of supporting the Group's operating model and in respect of yields achieved.

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. The majority of the food and beverage offerings are provided by an attached pub or restaurant, including brands such as Beefeater, Brewers Fayre and Bar + Block, or by a restaurant inside the hotel branded Thyme. A national breakfast offer is a central, consistent part of the Premier Inn experience, while lunch and dinner offerings are determined by local demographics. 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, especially in locations where there are few, or no, alternative food and beverage offerings. 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. Some of the key features and advantages this gives to the Group are as follows:

- Site labour models ensure the right teams are in the right place at the right time. Labour supply can be matched with customer demand, while ensuring efficiency and a consistent guest experience.
- Strong brand standards enable the delivery of a high standard for all sites, with consistent product and service standards maintained through comprehensive site audits and customer feedback.
- The refurbishment cycle delivers a high consistency of room design and experience, and prioritises the rooms most in need of refurbishment across the hotel network.
- Site-level KPIs are aligned to business-wide objectives. Guest experience, team retention and safety are central, alongside a focus on profit growth, maintaining highly-engaged teams and driving environmentally sustainable behaviours.

(C) 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%. This sustained value creation has been achieved through:

- strong operational performance;
- significant capital investments in the estate (£1.46 billion of Capital Expenditure in the three financial years ended 27 February 2020) driving capacity expansion, maintaining a high quality room proposition through refurbishments and innovative new offerings;
- delivery of material efficiency savings, while investing in IT and other digital capabilities;
- focusing international expansion on Germany, where the Group's open and committed pipeline now stands at almost 10,000 rooms across 52 hotels; and
- creating and realising value from the ownership of Costa (which the Group sold to Coca-Cola in January 2019 for £3.9 billion), enabling a return of £2.5 billion to Shareholders via a share buyback programme and tender offer.

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.

4.2 Strategy

The Group's strategy 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.

(A) 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.

During the financial years ended 27 February 2020 and 28 February 2019, the Group opened a net 44 hotels in total, 36 of which are in the United Kingdom (including "Hub by Premier Inn" hotels in London and Edinburgh, and the first "ZIP by Premier Inn" hotel in Cardiff). As at 27 February 2020, the Group's estate in the United Kingdom consisted of more than 78,000 rooms, with a committed pipeline of new freehold and leasehold hotels that is expected to bring the total number to over 90,000 rooms.

The Group's customer strategy is based on continuously innovating and evolving the customer experience at its core Premier Inn hotels. This includes expanding the Group's hotel rate classes and improving the online user experience through a simpler browsing and purchasing experience, while providing more choice to consumers to drive the Group's online sales. 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. Over half of the estate's rooms are now fitted out to the Group's latest standards, featuring soft warm colour palettes, dark wenge case goods, improved lighting, high-quality showers and beds. These latest standards are helping the Group to obtain higher guest scores and repeat custom. The Group has also recently successfully trialled an integrated ground floor offering, featuring open, integrated ground floor space where check-in, working, relaxing and dining can all take place. Features include a very modern feel, a greater focus on the bar area and informal modern work areas. This format is now the model for all new hotels being built by the Group.

The Group also intends to enhance the experience of business customers, including by developing new room types. During the financial year ended 27 February 2020, a trial of Premier Plus rooms began in several of the Group's hotels. These upgraded rooms are targeted specifically at business customers, aiming to provide an even more comfortable stay at great value for money. While the roll-out of further Premier Plus rooms is currently on hold due to the COVID-19 pandemic, the next stage of the trial is expected to bring the total to more than 2,000 rooms. The Group's strategy of enhancing the customer experience of business customers also involves improvements to the Group's business distribution to make its inventory more available to large, multinational corporates and travel management companies and building an online business programme to provide discounts to loyal, repeat business customers through its existing Business Booker digital platform.

The Group also intends to continue expanding its hotel concepts in the United Kingdom. The "Hub by Premier Inn" concept provides a high-quality and affordable experience in inner-city locations and embeds technology throughout the customer journey, from booking via mobile to paperless check-in and in-room functions controlled via a dedicated mobile app. The strong customer response to this innovative concept and integrated direct booking through premierinn.com enables new Hub hotels to mature quickly, with all 12 open hotels achieving high Occupancy and strong TripAdvisor scores before they were closed in light of the COVID-19 pandemic.

The first "ZIP by Premier Inn" hotel was launched in Cardiff in February 2019. ZIP is a significantly different offer to the traditional Premier Inn and Hub concepts and is aimed at a different customer segment. The essence of ZIP is quality, small and very simple rooms targeting a large segment of the market, which the Group believes is currently under-served: the extra-value seeking customer. By reducing the room size to approximately 8.5 square metres and carefully engineering the design and fittings, return on capital is expected to be comparable to the rest of the hotel network, whilst offering highly compelling prices. The Group is currently considering other locations for future ZIP hotels.

(B) 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. This includes the same flexible approach to property to gain superior site access and a broad network, encouraging direct distribution and delivering an appealing value-for-money proposition. The Group's focus on optimal capital allocation allows it to compete for attractive leased assets and to purchase new sites.

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). As at 27 February 2020, the Group's total invested capital in Germany was £352 million, with a further £348 million committed capital. The Group expects that as its network in Germany matures it will achieve a ROCE of between 10% and 14%. 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.

The pipeline of new hotels in Germany is a mix of organic growth and acquisitions of new leasehold and freehold sites. The following table presents an overview of the Group's hotel network, including those in the committed pipeline, as of 27 February 2020:

	Number of hotels		
	Organic	**Acquired**	**Total**
Open and trading	4 (778 rooms)	2 (307 rooms)	**6 (1,085 rooms)**
Committed pipeline	26 (5,445 rooms)	20 (3,264 rooms)	**46 (8,709 rooms)**
Total	**30 (6,233 rooms)**	**22 (3,571 rooms)**	**52 (9,794 rooms)**

During the period that its hotels were closed in Germany due to the COVID-19 pandemic, the Group completed the refurbishment of 11 hotels across its German network. The Group had 17 hotels (2,873 rooms) open and trading as at the Latest Practicable Date.

(C) 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 also intends to continue developing its digital, data and commercial capabilities to drive sales growth.

Following the completion of the sale of Costa to Coca-Cola in January 2019, the organisational structure of the Group has been refined and simplified to reflect its focus on the hotel market in the United Kingdom and Germany. This has resulted in cost savings being delivered in the financial year ended 27 February 2020, alongside enhancements to customer insight and decision-making.

In 2016, the Group began a five-year programme to generate £235 million of efficiency savings and to mitigate inflationary cost pressures. This objective was completed in less than three years from a combination of procurement benefits and shared services, across both Premier Inn and Costa. In the financial year ended 28 February 2019, the Group stated that its new target was to generate £220 million of operating and capital expenditure savings over the three financial years ending

3 March 2022, £45 million of which was delivered in the financial year ended 27 February 2020. This Efficiency Programme has been temporarily suspended while the Group takes other proactive steps to mitigate, where possible, the negative financial and operational impacts of the COVID-19 pandemic, which are expected to generate savings far in excess of those of the Efficiency Programme. The Group intends to resume the initiatives comprising its Efficiency Programme after the COVID-19 pandemic abates.

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. It also includes evolving the Group's reservation systems and property management systems to enable the development of a more flexible customer proposition.

4.3 Compelling long-term structural growth opportunities in two fragmented markets

The Group believes its vertically-integrated business model means it is well-positioned to access structural growth opportunities, take market share from independent hotels and continue to create value for Shareholders over the longer-term. The Group's success in the United Kingdom has been built on catering to the large segment of domestic, short-stay travellers focused on value. Germany presents similar characteristics to the United Kingdom market, exhibiting widespread fragmentation with a declining independent hotel market segment. See section 3 (*Market Overview*) of this Part VIII (*Business and Market Overview*) above.

5. BUSINESS OVERVIEW

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. The Group's restaurants, which operate under brands such as Beefeater, Brewers Fayre, Bar + Block and Thyme, are typically co-located with or inside the Group's Premier Inn hotels in the United Kingdom. As at 27 February 2020, the Group employed more than 35,000 people and served over five million customers per month in the financial year ended 27 February 2020.

5.1 Hotels

The Group's Premier Inn branded hotels have become the largest hotel network in the United Kingdom. As at 27 February 2020, Premier Inn comprised 821 hotels (up from 804 the previous financial year) and 78,547 rooms (up from 76,171 the previous financial year) in the United Kingdom and Republic of Ireland and 837 hotels (up from 814 the previous financial year) and 82,378 rooms (up from 78,900 the previous financial year) worldwide. The Group's vertically-integrated business model means that it owns or leases and operates its hotels (rather than operating a franchise model), in contrast to many of the Group's major competitors. For further information regarding the Group's vertically-integrated model, see section 4.1 (*Strengths*) in this Part VIII (*Business and Market Overview*).

(A) United Kingdom and Republic of Ireland

In the United Kingdom and Republic of Ireland, alongside the traditional Premier Inn concept, the Group's hotel offering also extends to two concept innovations, Hub by Premier Inn and ZIP by Premier Inn.

In the financial year ended 27 February 2020, the vast majority of Premier Inn rooms in the United Kingdom were sold to domestic travellers (compared to approximately 63% for the total United Kingdom market for the 12 months ended September 2019). The Group's business in the United Kingdom is predominantly outside of London. Since 2010, the Group has increased its United Kingdom market share from 6% to 11% as of September 2019. In the financial year ended 27 February 2020, 97% of bookings at the Group's hotels in the United Kingdom were made through its direct distribution channels, which comprise the Premier Inn website, Premier Inn app, Premier Inn customer contact centre or hotel front desks. The Group therefore has control of the guest booking

experience and does not have to pay commission fees to third-parties for the majority of bookings at its hotels.

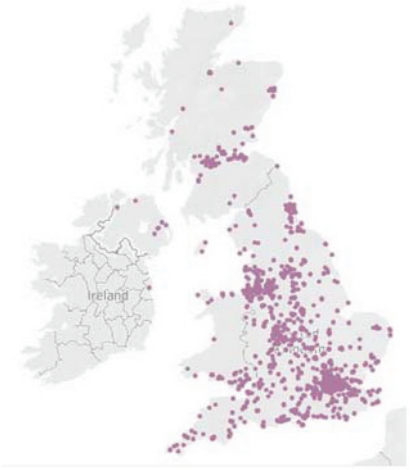
Premier Inn

Premier Inn was voted the United Kingdom's top-rated hotel chain by Which? from 2014 to 2018 and the best budget hotel brand at the Business Travel Awards 2020. The Premier Inn concept focuses on ensuring consistent quality. All rooms under the traditional Premier Inn concept are fitted with a king-sized bed, an ensuite bathroom, a TV with Freeview and Wi-Fi internet access.

As at 27 February 2020, the Group operated 821 Premier Inn hotels in the United Kingdom and Republic of Ireland. In the United Kingdom, these hotels are located throughout England, Scotland, Wales and Northern Ireland, with only approximately 13% of the Group's Premier Inn hotels located in London. The geographical distribution of Premier Inn hotels across the United Kingdom and Republic of Ireland (as at 27 February 2020) was as follows:

London:	109
East of England:	72
East Midlands:	53
Isle of Man and Channel Islands:	2
South-East:	123
South-West:	89
West Midlands:	74
Yorkshire & Humberside:	48
North-East:	31
North-West:	99
Scotland:	73
Northern Ireland:	8
Wales:	39
Republic of Ireland	1
Total:	**821**

In London, Premier Inn grew Total Accommodation Sales by 5.2%, ahead of the midscale and economy hotel market over the financial year ended 27 February 2020 driven by over 30% capacity growth over the last three years, which continues to mature. In the Regions, Premier Inn Total Accommodation Sales declined by (1.6)% as a result of lower business confidence, and behind the midscale and economy hotel market hotel market over the financial year ended 27 February 2020.



Almost all Premier Inn hotels in the United Kingdom have a restaurant and come in one of three formats: (i) 51% of hotels have one of the Group's in-house restaurant brands, such as Thyme, located in the same building as the hotel; (ii) 40% of hotels are co-located on the same site with a restaurant operated by the Group and trading under brands such as Beefeater, Brewers Fayre and Bar + Block; and (iii) 9% of hotels are co-located on the same site with a restaurant operated by a third-party. The hotels in the third category typically have a lower RevPAR than those hotels where there is a restaurant operated by the Group. See section 5.2 (*Restaurants*) of this Part VIII (*Business*

and Market Overview) below. The Group's breakfast offering is an important part of the hotel experience, with approximately 25% of customers reporting that they would not stay at a Premier Inn hotel if there was no hot or cold breakfast option.

In the financial year ended 27 February 2020, Premier Inn in the United Kingdom had Occupancy rates of 76.3% (down from 77.9% in the previous financial year), an ARR of £61.50 per night (down from £62.91 the previous financial year), RevPAR of £46.91 (down from £49.00 the previous financial year), a Return on Capital Employed (pre-IFRS 16) of 11.2% (down from 13.3% the previous financial year), an Adjusted Operating Profit (pre-IFRS 16) margin of 19.5% (down from 22.8% in the previous financial year) and a committed pipeline of 13,011 rooms (up from 12,996 the previous financial year).

Hub by Premier Inn

The Hub by Premier Inn format is designed to provide compact and modern hotels in city centre locations. Each room is provided with a 40-inch smart screen TV, free high-speed Wi-Fi and a Hypnos pocket-sprung bed.

Hub by Premier Inn has its own app that allows guests to control their hotel experience from the initial booking. Guests can check in via the app, as well as control the room temperature and light settings.

The Hub by Premier Inn currently operates at 12 locations, distributed between London (nine) and Edinburgh (three).

ZIP by Premier Inn

The ZIP by Premier Inn format is designed to provide a super-budget hotel option focusing on the essentials. ZIP is a significantly different offering to the traditional Premier Inn and Hub by Premier Inn formats and is marketed at a different customer segment. The first ZIP hotel opened in Cardiff in February 2019.

The ZIP format focuses on quality, small and very simple rooms targeting a large segment of the market that is currently under-served: the extra-value seeking customer. These customers do not typically use Premier Inn's other accommodation formats. The average room size in ZIP hotels is approximately 8.5 square meters, compared to an average room size of approximately 21.3 square meters in Premier Inn hotels, and prices start at £19 per night.

(B) Germany

Having opened its first hotel in Germany in 2016, the Group operated six hotels with a committed pipeline of a further 46 hotels across 26 cities as at 27 February 2020. The Group's rate of expansion in Germany materially accelerated in the second half of the financial year ended 27 February 2020, culminating in the completion of the acquisition from Foremost on 28 February 2020 of a company with 13 hotels (with an additional six hotels in the committed pipeline). As at 27 February 2020, the Group operated six hotels (up from two the previous financial year) and 1,085 rooms (up from 392 the previous financial year) in Germany. During the period that its hotels were closed in Germany due to the COVID-19 pandemic, the Group completed the refurbishment of 11 hotels across its German network. The Group had 17 hotels (2,873 rooms) open and trading as at the Latest Practicable Date, 15 of which operated under the Premier Inn brand.

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 intends to continue its expansion in Germany in the medium-term.

(C) Middle East

The Group has ten hotels in the Middle East, with six hotels in Dubai, two in Abu Dhabi and two in Doha, having opened its first hotel in the region in 2009. The Group's Middle East business is operated through a joint venture with Emirates, which operates hotels in the region under the Premier Inn brand as a franchisee of the Group. Under the applicable joint venture agreement and master franchising agreement, the joint venture franchisee has been granted exclusive rights to the use of certain of the Group's intellectual property rights and the regional reservation and website systems in the territory of the United Arab Emirates and other neighbouring Gulf countries, as well as a right of first refusal to participate in any venture to operate additional Group's hotels in other Middle Eastern

countries and in the African continent. This exclusivity and right of first refusal can be withdrawn in full or in part if the franchisee fails to achieve, in a given period, certain pre-defined development targets relating to the number of rooms that the franchisee has opened and operates. The Group holds a 49% interest in the joint venture, with Emirates holding the remaining 51%.

5.2 Restaurants

The Group's restaurant offering is tied into its hotel offering, with the Group's restaurants predominately co-located with its hotels. The Group's restaurant brands are: Beefeater, Brewers Fayre, Table Table, Bar + Block Steakhouse, Cookhouse & Pub, Thyme and Whitbread Inns. In the financial year ended 27 February 2020, the Group achieved food and beverage total sales growth of 1.3% in the United Kingdom (an increase from (0.3)% the previous financial year).

Across its brands, the Group's restaurants offer a range of dining options, predominantly focused on traditional pub-style food:

(A) Beefeater

The first Beefeater pub restaurant was established in 1974. The chain offers classic pub food, with a focus on grilled dishes. Beefeater operates 172 pub restaurants across the United Kingdom. In the financial year ended 27 February 2020, Beefeater restaurants served over 17.9 million customers.

(B) Brewers Fayre

The first Brewers Fayre pub restaurant was established in 1979. The chain offers traditional, British pub food. It operates 154 pub restaurants across the United Kingdom. In the financial year ended 27 February 2020, Brewers Fayre restaurants served over 19.2 million customers.

(C) Table Table

The first Table Table restaurant was established in 2008. The chain offers quality pub classics with a modern twist. Table Table operates 63 restaurants across the United Kingdom. In the financial year ended 27 February 2020, Table Table restaurants served over 5.3 million customers.

(D) Bar + Block Steakhouse

The first Bar + Block Steakhouse restaurant was established in 2016. The chain offers an informal, all-day dining option with a focus on high-quality steaks. It operates 13 restaurants across the United Kingdom. In the financial year ended 27 February 2020, Bar + Block Steakhouse restaurants served over 900,000 customers.

(E) Cookhouse & Pub

The first Cookhouse & Pub concept restaurant was established in 2017. The chain offers pub-style food with a contemporary theme. Cookhouse & Pub operates 19 restaurants across the United Kingdom. In the financial year ended 27 February 2020, Cookhouse & Pub restaurants served over 2.1 million customers.

(F) Thyme

Thyme is the Premier Inn in-house restaurant. The chain offers a contemporary British menu. Thyme operates 293 restaurants within Premier Inn hotels across the United Kingdom. In the financial year ended 27 February 2020, Thyme restaurants served over 13 million customers.

(G) Whitbread Inns

Whitbread Inns is a series of pub-restaurants, each operating under a traditional pub-style name. The chain offers traditional pub food. Whitbread Inns operates 12 restaurants across the United Kingdom. In the financial year ended 27 February 2020, Whitbread Inns restaurants served over 1.3 million customers.

The Group is a founding member of the Out of Home Food and Drink Alliance and works to provide customers with credible informed menu choices and deliver a nutrition strategy that supports the UK Government's aims to tackle childhood obesity. For further information regarding the Group's sustainability initiatives, see section 5.13 (*Sustainability*) of this Part VIII (*Business and Market Overview*).

5.3 'Pure' Joint Venture

On 3 May 2016, the Group acquired a 49% stake in London-based company, Healthy Retail Ltd, trading as 'Pure', for £6.86 million. Pure is a food-led grab-and-go and online delivery concept, specialising in fresh, natural and healthy meals made individually for the customer. Pure currently operates at 22 locations in and around London, but all of these locations were closed as a result of the COVID-19 pandemic on 23 March 2020. The Group has the option to acquire the remaining 51% at a pre-established price dependant on the company's EBITDA, excess cash and outstanding indebtedness by giving six months' prior notice at any time on or before 31 December 2020, and may be required to sell back its shares in Healthy Retail Ltd to the founders of the business at fair market value if it does not exercise its call option in that period.

The Group continues to assess its options in respect of its continuing interest in the Pure business, including those available under the shareholders agreement.

5.4 Recent developments

(A) Sale of Costa

On 3 January 2019, the Group completed the sale of Costa to Coca-Cola for £3.9 billion. In addition, the Group entered into the TSA to provide certain services (including human resources, IT and facilities services) to facilitate the successful separation of Costa from the Group. The provision of such services is expected to continue for a limited time, with the majority of services having already concluded as of 31 March 2020 and the remaining expected to conclude in 2021.

(B) Expansion in Germany

The Group announced its plans to enter the German market in 2014. The acquisition of a company with 13 open hotels (with an additional six hotels in the committed pipeline) was completed in February 2020. This acquisition, alongside an acceleration in organic growth, took the open and committed pipeline in Germany to almost 10,000 rooms across 52 hotels as at 27 February 2020.

5.5 Sales and marketing

In the financial year ended 27 February 2020, 97% of bookings at the Group's hotels in the United Kingdom were made through the Premier Inn website, Premier Inn app, Premier Inn customer contact centre or hotel front desks. Unlike many of its competitors, Premier Inn does not appear extensively on hotel aggregate booking websites such as booking.com. The high level of direct sales and comparatively small use of intermediaries give the Group greater control of the guest booking experience and mean that it does not have to pay commission fees to third-parties for the majority of bookings at its hotels.

The Group operates a dynamic pricing model, whereby prices are set by reference to the date a booking is made, localised market conditions, and supply and demand at the particular hotel in question. As a result, prices can fluctuate for each hotel on any given night. Rates offered are typically either flexible rates (which tend to be higher but where the room can be cancelled at no cost to the customer), or non-flexible (where the rate may be cheaper but the room cannot be cancelled without cost). A semi-flexible rate has also recently been introduced, allowing cancellation within a given timeframe from the arrival of the guest.

This inventory is marketed extensively online, with all marketing campaigns managed by an in-house team. The Group uses a variety of marketing channels as part of this activity, including paid search marketing via search engines such as Google, marketing through meta-search websites such as Trivago and Tripadvisor and email marketing to customers who have opted in to one of the Group's marketing programmes. All campaigns are measured on the basis of the resulting incremental profit

delivered to the Group, with the overall objective of driving volume into hotels which the Group does not expect to be fully occupied.

The Group's Business Booker platform allows its business customers to access exclusive rates and personalised spend controls and reporting. For the Group's larger corporate clients, the Group has installed a sophisticated account management service where it can offer a range of deal mechanics, tailored discounts and higher service levels dependent on the total level of spend.

In addition, the Group also offers its Business Account programme to corporate customers. Business Account is a card-based payment mechanism that provides up to six weeks of interest-free credit to corporate customers. As well as providing credit, the Business Account also allows corporate customers to set spend limits on the card to better control travel expenses and consolidate all stays by employees onto a single, consolidated invoice, thereby simplifying expense management. In the financial year ended 27 February 2020, around £350 million of revenue was generated by the Group through the Business Account programme.

As well as working directly with corporate customers, the Group also transacts with travel management companies, who manage the travel requirements, including hotel bookings, on behalf of a corporate customer. Typically, Premier Inn provides inventory directly to these travel management companies via a bespoke inventory feed called Direct Connect. This provides a "live" link to the Group's central reservations system. In order to maintain low selling costs, Premier Inn does not pay a commission to these travel management companies. Instead, some travel management companies will levy a fee, in addition to the room rate offered by the Group, as recompense for the service they provide to their customer. In the financial year ended 27 February 2020, around £120 million of revenue was generated by the Group through Direct Connect.

The Group's presence in Germany is currently significantly smaller than in the United Kingdom with only four of the Group's hotels in the country currently operating under the Premier Inn brand. This has made it more difficult to harness the brand's scale in the same way that it has done in the United Kingdom. The hospitality market also differs to that in the United Kingdom, with a greater proportion of customers preferring to make bookings over the phone, rather than online. As a result, the Group has a proportionately larger staff operating telephone bookings in Germany compared to the United Kingdom. In Germany, in the financial year ended 27 February 2020 91% of bookings were made directly with the Group with the remaining 9% made through intermediaries.

5.6 Insurance

The Group takes out a number of insurance policies each year, which it believes are appropriate to cover risks in the operation of its businesses. These include property/business interruption insurance, public and employers' liability insurance, motor insurance, terrorism cover, and directors and officers insurance. Specific policies are also in place to cover the business in Germany. The Group's insurance policies are not expected to materially mitigate the impact of the COVID-19 pandemic on the Group.

5.7 Employees

As at 27 February 2020, the Group had more than 35,000 employees. The average monthly number of employees employed by the Group for the three years ended 27 February 2020, 28 February 2019 and 1 March 2018 was 35,732, 35,333 and 34,867 respectively.

In light of the closure of most of the Group's hotels and all of its restaurants as a result of the COVID-19 pandemic, the Group started furloughing a significant number employees in late March 2020. As of 30 April 2020, more than 27,000 of the Group's employees were furloughed. 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.

The Group is receiving similar support in Germany under the Kurzarbeit scheme.

5.8 Pensions

The Group provides retirement benefits to certain of its current and former employees through a number of pension arrangements including the Whitbread Group Pension Fund, a trust-based pension scheme which has both defined benefit and defined contribution sections. As at 27 February 2020, there were 24,051 active members and 45,485 deferred members of the defined contribution section of the Whitbread Group Pension Fund. The defined benefit section of the Whitbread Group Pension Fund closed to new entrants on 31 December 2001 and to future benefit accrual on 31 December 2009. As at 27 February 2020, there were 19,853 deferred pensions and 16,371 pensions in payment in the defined benefit section of the Whitbread Group Pension Fund.

The latest actuarial valuation of the Whitbread Group Pension Fund as at 31 March 2017 showed a deficit of £450.0 million on a scheme-specific funding basis. Following the sale of Costa, the Group made a cash contribution of £381.0 million to the Whitbread Group Pension Fund, following which no ongoing deficit recovery contributions are required, Costa was released from its obligations to the Whitbread Group Pension Fund, and new protections were agreed by the Group and Trustee. The arrangements include:

- the Charge;
- a Deed of Covenant under which the Group is subject to: (i) from the date of the Deed of Covenant until the Pension Fund Covenant Compliance Date, the Waiver Period Financial Covenants; and (ii) from the Pension Fund Covenant Compliance Date, the Pension Fund Financial Covenant. In the event that the Group were in breach of the Pension Fund Financial Covenant, the Group would be obliged to contribute cash to the Whitbread Group Pension Fund. This one-off payment would be for the lesser of: (i) the secondary funding target deficit of the Whitbread Group Pension Fund at the relevant time and (ii) if prior to the Pension Fund Covenant Compliance Date, £500.0 million (or £450.0 million if a one-off cash contribution of £50.0 million has been made to the Whitbread Group Pension Fund due to the Group failing to provide valuation reports and certificates of title in relation to the newly secured real estate properties by the applicable deadline), or, if after the Pension Fund Covenant Compliance Date, £450.0 million;
- a Funding Framework Deed under which additional payments may become payable to the Whitbread Group Pension Fund following each valuation if the funding position deteriorates compared to a 2019 projection of the secondary funding target deficit of the Whitbread Group Pension Fund over time; and
- cross-guarantee arrangements under which members of the Group guarantee each other's obligations in respect of the Whitbread Group Pension Fund.

In addition to these arrangements, contributions to the Whitbread Group Pension Fund of approximately £10 million per year continue to be made via a Scottish Limited Partnership asset-backed contribution structure. Such contributions are expected to continue until February 2025. The next actuarial valuation of the Whitbread Group Pension Fund will be completed with an effective date of 31 March 2020.

Current employees accrue pension benefits under the defined contribution section of the Whitbread Group Pension Fund. Contributions by both employees and Group companies are held in externally invested, trustee-administered funds. The Group contributes a specified percentage of earnings for members of scheme, and thereafter has no further obligations in relation to the scheme.

5.9 Properties

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 (56% when hotels rooms in committed properties in the United Kingdom are included). The freehold and long-term leasehold estate is a valuable asset to the Group and is integral to the Group's vertically-integrated business model. The remainder of the Group's property is leased on market rent leases, with the average remaining tenure per property on market rent leases is approximately 20 years. As at 27 February 2020, the carrying value of the Group's property lease liabilities under IFRS 16 amounted to £2,618.8 million.

5.10 Information technology

Over the last three years, the Group has undertaken an investment programme to improve the core technology, infrastructure, internal support systems and customer facing systems in Premier Inn. The Group has invested £143.3 million in upgrading its information technology platforms over the three financial years ended 27 February 2020 (excluding investments in Costa).

This investment programme has focused on improvements to the internal IT networks and datacentres, upgrading the system of financial management and controls, improving hotel management systems, Wi-Fi and information security systems, and on upgrading the digital experience for customers. The hotel reservation system has also been an area of focus for improvement.

In 2019, the Group made some critical enhancements to its Premier Inn website (www.premierinn.com) and the Premier Inn Hotels app. The Group relaunched its email platform to improve the emails that customers receive. The Group also made upgrades to its customer app, which has resulted in Premier Inn being awarded five stars in the app store based on over 26,000 reviews.

The Group has developed its technology across its hotel formats. Hub by Premier Inn is the United Kingdom's first hotel with its own app that allows guests to control their hotel experience from the initial booking. Guests can check in via the app, as well as control the room temperature and light settings.

The Group is also focused on integrating the new hotels in Germany onto the Group's wider platform. The German team has also launched the "Beekeeper" app, an internal social media app that makes it easier for team members to quickly exchange information on important events or best practices.

5.11 Regulatory environment

The Group is subject to an array of health, safety and environmental regulations (including regulations promulgated and enforced by local, national, European and international authorities) as well as stringent preparation, quality, and nutritional disclosure regulations and standards. The Group is also subject to regulations in the jurisdictions in which it operates regarding the use of personal data, particularly the GDPR in the United Kingdom and the European Union.

5.12 Procurement

The Group operates a centrally-driven supply chain and logistics model. The Group centrally sources all goods and services used in its hotels and restaurants, including all case goods used in hotel rooms, lobbies and common areas, and all food, drink and utilities. It also procures services used in the hotels, such as laundry services, contract cleaning where needed, and support services, such as technology, payroll and other support systems.

The Group uses a small number of supply chain providers, who provide ordering and delivery services to all outlets. The main partner in this area is Kuehne & Nagel. Construction services and other property-related services are also procured centrally.

All of the Group's suppliers are registered on the Group's internal procurement platform. The Group has implemented requirements that assess a supplier's approach to ethical sourcing and the sustainability credentials of the products they supply. This means that the ethical performance of the Group's suppliers is managed in a fully-integrated way with all other supplier measurement criteria. All critical commodities are procured in accordance with externally verified sustainable sources, such as Marine Stewardship Council (fish), REEL (cotton), Red Tractor (meat), Forestry Stewardship Council (timber). All suppliers have to agree to the terms of the Group's policies on human rights, responsible sourcing and other such matters.

5.13 Sustainability

The Group's sustainability programme, Force for Good, ensures that responsible business practices are integrated throughout the Group's operations, by supporting its guests, local communities, team members and suppliers to live and work well. The 2019 Dow Jones Sustainability Index (DJSI) score ranked the Group second in the European Travel & Leisure industry, for the second year in a row. The Group also qualified for inclusion in the Sustainability Yearbook 2020. These are excellent results that

highlight the depth and breadth of the Group's work and its commitment to becoming a more sustainable business.

The Group has contributed to the fight against the COVID-19 pandemic in the United Kingdom by keeping open hotels that are located near hospitals for use by NHS staff and other essential workers. The Group also transferred its vehicle delivery capacity to supermarkets to help their supply chains, and donated over 158 tonnes of food to charities following the restaurant closures. During the COVID-19 pandemic, the Group has supported its SME suppliers with timely payments and ensured that rent payments have been made on time and in full. By doing so, the Group has sought to act in a way that maintains its relationships with suppliers despite the challenging economic circumstances.

The Group's 'Opportunity' strategy aims to ensure everyone can reach their potential. This includes removing barriers to entry and promoting inclusivity and diversity throughout the organisation as well as leading training and development schemes. Investment continues in the Whitbread apprenticeship programme with the creation more than 4,500 apprenticeships since 2014/15. In 2019/20, the focus shifted away from localised Work Placements to a company-wide partnership with JobCentrePlus. This means those looking to gain vital real work experience can connect to sites that have vacancies.

Through its 'Community' strategy, the Group has been supporting Great Ormond Street Hospital since 2012. During this time over £17 million has been raised, facilitating the opening of a new 'Premier Inn Clinical Building'. Premier Inn has pledged to raise a further £10 million towards building a ground-breaking new sight and sound centre due to open in 2020, which will provide a world-class facility for children with sight and hearing problems. The Group provides customers with informed menu choices and delivers a nutritious strategy that supports the Government's aims to tackle childhood obesity. Progress towards Public Health England's sugar reduction target of 20% by 2020 is underway in relevant food categories and so far, Beefeater has achieved 29% and Brewers Fayre 34% sugar reduction in their desserts ranges against a baseline of 2015.

As part of the Group's commitment to operate in a responsible way, respecting people and planet, all Premier Inn owned hotels and restaurants in the United Kingdom are powered by 100% renewable energy, and over 20% of hotels have electricity generating solar panels. Premier Inn is also one of the largest hospitality companies in Europe to set a science-based carbon reduction target. This target is expected to help the business reduce its carbon emissions by 50% by 2025, having already reached 39% reduction against this target. The Group has also committed to the elimination of unnecessary single use plastic by 2025 and reducing food waste by 50% by 2030.

In 2019, Edinburgh Park Premier Inn became the United Kingdom's first battery-powered hotel in a bid to improve energy efficiency, secure power supply and enable energy cost savings. As well as powering the 200-room site, the new battery storage system allows the hotel to avoid increased peak-time energy costs and generate revenue by offering support services to the National Grid, with the hotel receiving payment in exchange for taking power off the grid.

Operating a traceable and sustainable supply chain is vital for the hospitality industry and the Group has been recognised by NGO Development International as the leading accommodation provider in the FTSE 100 for compliance and conformance with the UK Modern Slavery Act and good practice in human rights.

6. 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 Group's financial position and performance.

PART IX
HISTORICAL FINANCIAL INFORMATION

The audited consolidated financial statements for the Group as at and for the financial years ended 27 February 2020, 28 February 2019 and 1 March 2018, prepared in accordance with IFRS, together with the audit reports and notes in respect of each such financial year, contained in the Whitbread 2020 Annual Report and Accounts, the Whitbread 2019 Annual Report and Accounts and the Whitbread 2018 Annual Report and Accounts, respectively, are incorporated by reference into this Part IX (*Historical Financial Information*), as described in Part XIII (*Documents Incorporated by Reference*) of this document.

The consolidated financial statements contained in the Whitbread 2020 Annual Report and Accounts, the Whitbread 2019 Annual Report and Accounts and the Whitbread 2018 Annual Report and Accounts were audited by Deloitte LLP and the audit report for each such financial year was unqualified. Deloitte LLP is registered to carry out audit work in the United Kingdom and Ireland by the Institute of Chartered Accountants in England and Wales and has no material interest in the Company or the Group.

PART X
OPERATING AND FINANCIAL REVIEW

The following is a review of the Group's financial condition and operating results as of and for the financial years ended 27 February 2020, 28 February 2019 and 1 March 2018 as derived from the Group's Historical Financial Information and should be read in conjunction with the information appearing elsewhere in, or incorporated by reference in, this document, including the financial and other information in, or incorporated by reference in, Part VIII (Business and Market Overview) and Part IX (Historical Financial Information). The selected key financial information of the Group has been extracted from the Historical Financial Information, which has been prepared in accordance with IFRS, with the exception of that outlined below.

Some of the information in the review below and elsewhere in this document includes forward-looking statements based on current expectations that involve risks and uncertainties. See section 3 (Forward-Looking Statements) of Part II (Important Notices) for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this document and, for a discussion of the key risks and uncertainties which the Group faces, see Part I (Risk Factors).

1. OVERVIEW

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. The Group's restaurants, which operate under brands such as Beefeater, Brewers Fayre, Bar + Block and Thyme, are typically co-located with or inside the Group's Premier Inn hotels in the United Kingdom. As at 27 February 2020, the Group employed more than 35,000 people and served over five million customers per month in the financial year ended 27 February 2020. Premier Inn is growing internationally and looks to replicate its success in the United Kingdom in other international markets, with a focus on Germany. Premier Inn currently operates six hotels in Germany, with an open and committed pipeline which is expected to bring the total number of rooms in the country to almost 10,000 across 52 hotels. Premier Inn also operates via a joint venture a further ten hotels in the Middle East.

The Group has a unique vertically-integrated business model, which combines the ownership of freehold and leasehold property hotel and restaurant operations, its brands and inventory distribution. Over the ten financial years ended 27 February 2020, this approach has enabled the Group to grow at a significantly faster pace than competitors and deliver a superior customer experience and best-in-class operational performance, while generating a strong return on invested capital for Shareholders. By operating the United Kingdom's largest hotel network and owning all aspects of hotel management operations, the Group is able to drive economies of scale, with each operational efficiency learning or action typically applied across the entire hotel estate. The Group believes its ownership model is the optimal approach in the budget-branded sector to both access the structural growth opportunities in the segment and create sustainable value for shareholders over the long-term.

The Group attracts a good mix of business (approximately 50%) and leisure (approximately 50%) travellers, which helps achieve higher Occupancy. For the financial year ended 27 February 2020, the Group achieved 76% Occupancy in the United Kingdom. The value of the Group is partly derived from the ability to drive reservations through its proprietary hotel reservation system and technology platforms, which are highly integrated with internal processes and linked to multiple sales channels, including the Group's own websites, call centres and hotels. As at 27 February 2020, the Group's 97% rate of direct distribution was industry-leading and an important part of the Group's operating model, providing customers with superior value for money.

1.1 Key trends and factors affecting the Group's results of operations and comparability

(A) Competitive Environment

The Group operates in highly competitive markets and therefore its financial performance is affected by the behaviour and success of its competitors. The Group's hotels business competes with respect to price, facilities, customer service, location, room size and quality in the budget hotel market against other national and international accommodation providers, as well as many regional and local independent businesses, which are increasingly gaining visibility due to the increased use of online

travel agents among the public, and the private rental market (such as Airbnb). Over the next few years, the Group expects the independent hotel sector in the United Kingdom (where independent hotels account for approximately 48% of the supply as of September 2019) and Germany (where independent hotels account for about 72% of the supply as of September 2019) to face significant challenges, including the National Living Wage (in the United Kingdom), rent and rates, and the increasing reach of online travel agents, which are often the only available route to market for independent hotels and which charge high rates of commission on bookings. These challenges will create an ongoing structural opportunity for high quality, budget-branded hotels, which the Group believes it is well-placed to capture through additional new, efficient and high-quality hotel capacity.

The Group strives to be innovative in its product offering to customers, including its food and beverage offering and the way in which it sells rooms, in order to stay ahead of its competition. In particular, the Group's strategy to market its hotel rooms to customers almost exclusively through direct distribution channels, its use of direct channels to supply inventory to global distribution systems and its dynamic pricing system, enable it to deliver high Occupancy across a large and growing hotel network, helping to maximise RevPAR whilst keeping marketing and distribution costs low.

The Group's restaurant business competes against national and international restaurant and pub chains, as well as against online food-delivery platforms and aggregators and many regional and local businesses, with respect to price, service, location, type of cuisine, customer experience and food quality. Additionally, new competitors frequently enter the casual dining market due to very low barriers to entry.

(B) Vertically integrated business model and cost base

The Group's vertically-integrated business model means that it owns and operates the majority of its hotels and restaurants, which provides increased control of the network planning and property development aspects of its hotel operations, greater control of the cost base and enhanced opportunities for efficiencies, and is ultimately a competitive advantage against most other operators. However, it also means that the Group's cost structure is largely comprised of fixed and semi-variable costs. Certain costs, such as rent, business rates and service charges, are fixed costs, while purchase costs of food and beverage are variable costs that depend on the level of sales. Semi-variable costs include labour costs, certain operating costs, such as repairs, maintenance and utilities. A small portion of the Group's hotel leases are also tied to their level of turnover. The Group's fixed and semi-variable costs such as property costs and labour costs and, to a lesser extent, utilities, IT and central overhead costs, represented a substantial proportion of its cost base in the last three financial years ended 27 February 2020, and the ability to control these costs therefore affects the Group's results.

The Group incurs certain costs from its hotels in the form of rent on leased property, business rates, insurance and maintenance and upkeep expenses. The Group's hotels are a mix of freehold and long-term leasehold locations. As at 27 February 2020, the Group leased properties where 39% of its hotel rooms in the United Kingdom were located on market rent leases, with the average remaining tenure per property on market rent leases approximately 20 years as at the same date. As at 27 February 2020, the carrying value of the Group's property lease liabilities under IFRS 16 amounted to £2,618.8 million. The remaining 61% of the Group's hotel rooms in the United Kingdom were located in properties where the Group owned the freehold or long-term leasehold as at 27 February 2020. The preponderance of freehold properties over leasehold locations helps keep the Group's fixed lease cost low in a market characterised by a cyclical waxing and waning of RevPAR and sales, while mitigating the adverse effect of inflation, which in turn contributes to reducing earnings volatility.

Labour costs are also a significant element of the Group's operating costs. Minimum wage legislation largely establishes the base compensation levels for many of the Group's employees. In the 2015 budget, the UK Government announced a National Living Wage for full time and part time workers. As of April 2020, the National Living Wage for workers over the age of 25 increased to £8.72 per hour. Increases in employment costs, whether due to market conditions or increases in mandatory minimum wages or benefits, can have a substantial effect on the Group's results, and increases in employee turnover can also result in increased recruiting expenses and reduced efficiency through lost experience. In light of the closure of most of the Group's hotels and all of its restaurants as a result of the COVID-19 pandemic, the Group started furloughing a significant number employees in late March 2020. As of 30 April 2020, more than 27,000 of the Group's employees were furloughed. 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.

The Group sells a large volume of food and beverages annually. Food and beverages are purchased from a range of food suppliers and are delivered by a logistics provider as and when required. The Group's cost base and margins can be affected by fluctuations in the cost of food raw materials, food and beverage products, foreign exchange movements and related costs such as logistics, packaging, fuel and energy.

Central costs of the Group's head office functions generally comprise administrative expenses related to its IT, finance, commercial, legal, property and human resource functions, which tend to be fixed in nature. However, the increase in costs of the Group's head office functions over time is reflective of the increasing size of its business, the growing importance technology plays in the business, marketing to a wide and growing customer base and inflation.

In 2016, the Group began a five-year programme to generate £235 million of efficiency savings to partly mitigate inflationary cost pressures. The target was achieved in less than three years from a combination of procurement benefits and shared services, across both Premier Inn and Costa. In the financial year ended 28 February 2019, the Group stated that its new target was to generate £220 million of operating and capital expenditure savings over the three financial years ending 3 March 2022, £45 million of which was delivered in the financial year ended 27 February 2020. This Efficiency Programme has been temporarily suspended while the Group takes other proactive steps to mitigate, where possible, the negative financial and operational impacts of the COVID-19 pandemic, which are expected to generate savings far in excess of those of the Efficiency Programme. The Group intends to resume the initiatives comprising its Efficiency Programme after the COVID-19 pandemic abates.

Costs increase as new hotels are opened, as they lead to additional requirements for labour, rent (if a leasehold property), insurance and other variable or fixed charges such as utilities. While there are limited incremental central costs associated with each new hotel added to the large established United Kingdom estate, the Group does make central cost investments to provide an appropriate platform for growth, including people, IT and marketing costs, as it builds and accelerates scale in Germany.

The opening of hotels also has an impact on working capital levels and generally results in working capital inflows, due to the fact that payments from customers (typically made in cash and credit cards) are received before amounts owed to suppliers (which are typically made on credit terms) become due. See section 6.3 (*Capital Expenditures*) of this Part X (*Operating and Financial Review*).

(C) COVID-19

The ongoing impact of COVID-19 on the world economy continues to be significant. These are unprecedented times and it remains impossible to predict with any degree of certainty the extent and duration of the financial impact that this global pandemic will have on the Group and the wider industry. However, the Group has taken proactive steps to mitigate, where possible, the negative financial and operational impacts of the COVID-19 pandemic and to best position its business for future normalisation of operations. The Group's vertically-integrated business model has provided it with flexibility and enabled it to respond to the pandemic in a quick and co-ordinated manner.

The Group started to develop its COVID-19 pandemic contingency planning at the start of the year when the virus started spreading in China. As the COVID-19 pandemic spread internationally throughout February 2020 and then rapidly escalated in March 2020, the Group deployed its full COVID-19 pandemic contingency plans. Following the series of UK Government announcements in the week commencing 16 March 2020 relating to social distancing measures and including the closure of pubs and restaurants, the Group implemented a range of operational actions to prioritise the safety and well-being of customers and staff.

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.

In March 2020, the Group announced its intention to take advantage of the support initiatives offered by the UK Government for businesses in the United Kingdom in light of COVID-19, including significant support for the hospitality industry, such as: business rates relief in the 2020-2021 tax year (estimated to save the Group approximately £120 million) and the Coronavirus Job Retention Scheme providing 80% of the wage costs for furloughed employees up to £2,500 per month, currently in place until the end of July 2020. 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 addition, the Group has been confirmed as an eligible issuer under the CCFF, with an issuer limit of £600 million. As at the date of this document, no commercial paper had been issued by the Group under the CCFF.

(D) Size of the Premier Inn estate

The Group's results of operations are affected by the number of Premier Inn hotels operating in each financial period, which in recent years, has increased via both organic growth and strategic acquisitions. The Group has been able to access such opportunities due to its financial position, resilient model and disciplined approach to capital allocation. During the financial years ended 27 February 2020 and 28 February 2019, the Group opened a net 44 hotels in total, 36 of which are in the United Kingdom (including "Hub by Premier Inn" hotels in London and Edinburgh, and the first "ZIP by Premier Inn" hotel in Cardiff) and five of which are in Germany. In addition, in February 2020 the Group completed the acquisition of a company owned by Foremost, comprising 13 open hotels and an additional six in the committed pipeline all in Germany, which will all be refurbished before trading under the Premier Inn brand. As at 27 February 2020, the Group's estate consisted of more than 82,000 rooms, with a committed pipeline of new freehold and leasehold hotels that is expected to bring the total number to over 100,000 rooms, including approximately 10,000 in Germany. Although the near-term market is extremely challenging in light of the ongoing COVID-19 situation, in the medium-term, investment in the existing estate and expansion in the UK and in Germany is expected to continue, giving the Group the opportunity to gain market share from the fragmented independent sector in both countries.

The table below summarises the number of Premier Inn hotels and corresponding rooms as at the financial years ended 27 February 2020, 28 February 2019 and 1 March 2018, respectively.

	27 February 2020	28 February 2019	1 March 2018
Number of open and trading hotels (rooms)			
United Kingdom and Republic of Ireland	821 (78,547)	804 (76,171)	785 (72,466)
Germany	6 (1,085)	2 (392)	1 (210)
Middle East	10 (2,746)	8 (2,337)	7 (1,948)
Total	**837** (**82,378**)	**814** (**78,900**)	**793** (**74,624**)

(E) Total sales and Like-for-like Sales growth

The Group's strategic focus on investing in new capacity and increasing its market share means that it can grow total sales ahead of the market and its plans are not wholly contingent on short-term conditions. Accordingly, the Group considers total sales the more relevant performance measure, as compared to "Like-for-like Sales". The Group's Like-for-like Sales are calculated by comparing period-on-period change in revenue for outlets open for at least one year. Sites that are permanently closed, disposed or disrupted during a financial year are excluded from the like-for-like calculations, with such determinations made by the Group's management. Changes in both total sales and Like-for-like Sales can be driven by a number of different factors, such as product offerings, marketing activity, prices, and the short-term Occupancy impact of new Premier Inn hotels on existing hotels as well as events outside of the Group's control such as weather, the occurrence of significant sporting events or extraordinary public health crises (such as COVID-19). There is no accounting standard or consistent definition of Like-for-like Sales across the industry.

The table below sets forth total sales growth and Like-for-like Sales growth for Premier Inn in the financial years ended 27 February 2020 and 28 February 2019, respectively.

	Total sales growth[1]		Like-for-like Sales growth[1]	
	52 weeks to 27 February 2020	52 weeks to 28 February 2019	52 weeks to 27 February 2020	52 weeks to 28 February 2019
UK accommodation	(0.1%)	3.5%	(2.4%)	(0.6)%
UK food & beverage	1.3%	(0.3)%	(0.3)%	(2.0)%
Total United Kingdom[2]	**0.4%**	**2.1%**	**(1.7%)**	**(1.1)%**
Germany[3]	143.4%	14.0%	—	—
International[4]	—	(100)%	—	—
Total	**0.7%**	**2.0%**	**(1.7%)**	**(1.1)%**

(1) Represents adjusted revenue, which excludes income deriving from the TSA and Other income (i.e. rental income, insurance proceeds and legal settlement proceeds).

(2) Includes the United Kingdom and Ireland.

(3) Not restated for £0.2 million of TSA income in the financial year ending 28 February 2019 which is now excluded from Adjusted Revenue and total sales growth.

(4) Reflects the Group's disposal and exit from all 11 hotels and management agreements relating to its businesses in Thailand, India and Indonesia in the financial year ended 1 March 2018. For additional information on the financial impact of these disposals, see "3.2—Comparison of the financial years ended 28 February 2019 and 1 March 2018—Operating Costs" below.

(F) Occupancy, ARR, RevPAR and Total Accommodation Sales

Revenue from the Group's existing hotels is primarily affected by Occupancy and ARR, each of which has a strong correlation with general economic conditions, business and consumer confidence, the strength of the travel industry and the supply and demand of hotel accommodation in a specific market. In order to evaluate the performance of the Group's portfolio and react appropriately to developments in its local markets, the Group regularly monitors, among other financial and operational metrics, Occupancy, ARR, RevPAR and Total Accommodation Sales of the Group's hotels. The definition for each of these APMs is contained in section 6 (*Alternative Performance Measures*) of Part II (*Important Notices*).

Occupancy

Occupancy measures the utilisation of the Group's hotels' available room capacity. Management uses Occupancy to gauge demand at a specific hotel or group of hotels in a given period. Occupancy is also affected by the supply of hotel rooms in the area surrounding each of the Group's hotels. Increases in hotel room supply can increase competition and make it more difficult to achieve high Occupancy. Conversely, the potential decrease in overall hotel supply as a result of the COVID-19 pandemic could also affect Occupancy as the ongoing crisis subsides. Occupancy also helps the Group determine achievable ARR levels, based upon hotel category and hotel facilities, as demand for the Group's hotel rooms increases or decreases.

Average Room Rate (ARR)

ARR trends indicate how much customers are willing to pay for accommodation in a particular region and a specific hotel. It also provides insights regarding the nature of the customer base of a hotel or group of hotels. ARR is a commonly used performance measure in the industry. The automated algorithms in the Group's pricing engine are designed to deliver Occupancy at the best ARR.

RevPAR and Total Accommodation Sales

RevPAR and Total Accommodation Sales do not include non-room revenues, which consist of ancillary revenues generated by a hotel property, such as food and beverage, renting out conference rooms for meetings, as well as telephone, parking and other guest services. The Group's management uses RevPAR to identify trend information with respect to room revenues of comparable properties and to evaluate hotel performance on a regional and local basis. RevPAR is a commonly used performance measure in the hotel industry.

RevPAR can be impacted in the short-term by extensions made to existing hotels and new capacity added by the Group in the local area. The Group's strategy is to add capacity to drive sales and profit and therefore considers the change in Total Accommodation Sales as a more reliable metric.

RevPAR and Total Accommodation Sales changes are driven by changes in Occupancy, ARR and capacity. Changes driven by Occupancy and capacity have different implications for overall revenue levels and incremental profitability than do changes that are driven predominately by changes in ARR. For example, assuming the same room rates and variable operating costs, including housekeeping services, utilities and room amenity costs, increases in Occupancy at a hotel would lead to increases in room revenues compared to lower Occupancy and such increased Occupancy may also result in increased ancillary revenues, including food and beverage. In contrast, changes in ARR typically have a greater effect on margins and profitability, because rates increase while variable operating costs remain relatively stable.

The following table sets forth the Occupancy, ARR, RevPAR and Total Accommodation Sales for the Group's Premier Inn estate in the United Kingdom.

	52 Weeks to 27 February 2020	% Change[1]	52 Weeks to 28 February 2019	% Change[1]	52 Weeks to 1 March 2018
Occupancy	76.3%	(1.6)% pts	77.9%	(1.4)% pts	79.3%
Average Room Rate	£ 61.50	(2.2)%	£ 62.91	0.1%	£ 62.87
Revenue per Available Room	£ 46.91	(4.3)%	£ 49.00	(1.7)%	£ 49.85
Total Accommodation Sales	£1,311.6m	(0.1)%	£1,312.8m	3.5%	£1,268.8m

(1) Represents the percentage point change in Occupancy, and percentage change ARR or RevPAR between the financial years ended 27 February 2020 and 28 February 2019, and between the financial years ended 28 February 2019 and 1 March 2018, in each case as applicable.

(G) Acquisitions and disposals

The Group has acquired and disposed of assets as part of the implementation of its strategic plan, which is focused on continuing to grow in the United Kingdom and replicating the Group's success in the United Kingdom in the German market. The pace of acquisitive growth will slow temporarily in response to the ongoing COVID-19 situation, however, given the scale and attractive nature of the opportunity in Germany, the Group intends to continue its expansion strategy in the medium term.

On 31 August 2018, the Group entered into a formal sale agreement to dispose of Costa to Coca-Cola for £3.9 billion. The sale of Costa completed on 3 January 2019 and has enabled the Group to focus its resources on structural growth opportunities by streamlining its operations and further investing in the Group's capabilities.

The results of subsidiaries acquired or disposed of during the period are included in the Group's consolidated financial statements from, or up to, the date that control passes, respectively. Since the Group consolidates the results of operations of each acquired business in its financial statements and ceases to consolidate the results of operations of each disposed business from the date of disposal, the Group's historical financial periods are not directly comparable to one another. The Costa business, which represented the entirety of the Costa operating segment, was classified as a discontinued operation as of 31 August 2018. Thus, the Group's income statements for the financial years ended 28 February 2019 and 1 March 2018 reflect the impact of treating Costa as a discontinued operation.

Foremost acquisition

On 28 February 2020, the Group completed the acquisition of a company with 13 hotels (with an additional six hotels in the committed pipeline) in Germany from Foremost, which expanded the Group's geographic reach in Germany, increasing the open network and committed pipeline to almost 10,000 rooms across 52 hotels. Consideration for the acquisition of the Foremost hotels, subject to post-closing working capital adjustments, was paid partly in cash on the closing date for those hotels which were open and could be converted to the Premier Inn brand and partly through a contingent deferred price mechanism for those hotels in the pipeline, which may potentially extend until 31 December 2024.

Acomhotel acquisition

On 17 September 2019, the Group completed the acquisition of a company with three hotels in Germany from a private seller operating under the brand Acomhotel. The acquired portfolio consisted of two leasehold hotels that were open and trading, in Nuremburg and Munich, with the right to purchase the freehold in seven and 13 years, respectively. A further leasehold hotel was under construction in Stuttgart. The three locations together comprise 482 rooms and refurbishment work to rebrand them as Premier Inn hotels is planned take place in the next 12 months. Consideration for the acquisition of these hotels was paid in cash on the closing date, subject to post-closing working capital adjustments.

Disposal of Costa

On 25 April 2018, the Group announced its intention to pursue the demerger of Costa in order to provide Shareholders with investments in two distinct, focused businesses. Subsequently, Coca-Cola put forth an offer to the Group that provided a substantial premium to the value that would have been created by Costa as a separately-listed entity through the previously-announced demerger plan. The Group completed the disposal of Costa on 3 January 2019 for £3.9 billion, generating a gain on sale of £3,390 million. In addition, the Group entered into a transitional services agreement (the "**TSA**") to provide certain services (including human resources, IT and facilities services) to facilitate the successful separation of Costa from the Group. The provision of such services is expected to continue for a limited time, with the majority of services having already concluded as of 31 March 2020 and the remaining expected to conclude in 2021. Revenue for the financial years ended 27 February 2020 and 28 February 2019 includes TSA revenue of £9.4 million and £2.0 million, respectively, earned since the completion of the sale.

The proceeds from the sale of Costa were used to fund the growth plan of the Group and reduce the pension fund deficit and the Group's indebtedness, with a significant portion of the same returned to Shareholders. Between January 2019 and May 2019, the Group undertook an on-market share buyback programme, which allowed for the net return of £485.7 million to Shareholders. Further, on 22 July 2019 the Group announced that 40,225,261 Ordinary Shares were successfully tendered at a price per share of 4,972 pence per Ordinary Share, for a total cost of £2,012.6 million.

Following the disposal of Costa, the Group undertook a full review of the continuing business operations, which has resulted in a total charge of £80.4 million classified as adjusting items in the financial year ended 28 February 2019, including the write-off of IT intangible assets of £45.1 million and related contracts of £9.7 million (including provisions for onerous future contract costs of £7.4 million); people and project costs of £13.2 million relating to the restructure of support centre operations; and other costs of £12.4 million. The Costa business, which represented the entirety of the Costa operating segment, was classified as a discontinued operation in the financial year ended 28 February 2019. Thus, the Group's income statement for the financial year 1 March 2018 has been restated in the 2019 Annual Financial Statements to reflect the impact of treating Costa as a discontinued operation. For more information, see section 5 (*Presentation of Financial Information*) of Part II (*Important Notices*).

(H) Food and beverage sales

The Group's food and beverage offering is integral to its hotel operations, performance and guest experience, and contributes a significant portion of the overall Group's revenue. In the financial years ended 27 February 2020, 28 February 2019 and 1 March 2018, food and beverage revenue was £740.7 million, £730.0 million and £731.9 million, respectively, representing 36% of the Group's total revenue in each of the three financial years. Whilst a significant amount of the Group's food and beverage sales are driven by its hotel guests, the majority of its food and beverage sales are generally derived from non-hotel guests and are therefore more closely correlated with the performance of the wider casual dining market. The casual dining market has experienced more challenging conditions than the hotel sector in recent years, and accordingly, the Group's food and beverage sales have increased at a lower rate over the last three financial years than the Group's Total Accommodation Sales.

The Group's hotels that have a strong food and beverage offering generally tend to generate improved room revenues (RevPAR) and the Group believes that having food and beverages available on site, breakfast in particular, is fundamental to its customers when choosing a hotel. There are currently

71 hotels in the Group's estate where it does not manage the restaurant and the food and beverage offering is provided by a third-party. The Group has also designed a new concept 'Breakfast Bar', which is a small format solution sitting within the smallest hotel sites.

(I) IFRS 16 Leases

The Group's consolidated financial statements are prepared and presented in accordance with IFRS. On 13 January 2016, the IASB published IFRS 16 (Leases), and the European Union adopted IFRS 16 on 9 November 2017, to replace IAS 17 and the related IFRIC and SIC interpretations. The new standard provides a single lessee accounting model without distinction between operating and finance leases, requiring lessees to recognise assets and liabilities for all leases with the exception of short-term and low-value leases. As a result, almost all of the Group's leases are now recognised on the balance sheet.

As many of the Group's leases are long-term property leases, these changes significantly increase both total assets and total liabilities, and have a material impact on key performance metrics, including earnings per share. In the income statement, rental charges for operating leases are replaced with depreciation of the newly recognised asset and interest on the newly recognised lease liability. This in turn impacts some of the Group's key reporting measures, including Adjusted Operating Profit, which will increase as a pre-interest measure, and profit before tax, which decreases as a disproportionate amount of interest is applied at the start of a lease.

The Group has adopted IFRS 16 using the full retrospective method, with the date of initial application being 1 March 2019 but as if IFRS 16 had already been effective at the commencement date of existing lease contracts. The Group elected to use the transition practical expedient, allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 at the date of initial application. The Group also elected to use the recognition exemptions for short-term leases, low-value assets and leases of intangible assets. Further to the changes described above, the published results in the 2019 Annual Financial Statements (including the opening balance derived from the 2018 Annual Financial Statements) have been restated in the 2020 Annual Financial Statements. For illustrative purposes, the following tables summarise the impact of IFRS 16 on the Group's balance sheet and income statement for the financial years ended 27 February 2020 and 28 February 2019, respectively. No restatement in relation to IFRS 16 has been made in relation to the published results in the 2018 Annual Financial Statements, other than as necessary to derive the opening balance as at 2 March 2018.

Financial year ended 27 February 2020

(£ million)	Under IAS 17	Add lease liabilities[1]	Add right-of-use asset[1]	As reported under IFRS 16
Total assets	5,563.8	—	2,261.7	7,825.5
Total liabilities	(1,533.1)	(2,543.6)	—	(4,076.7)
Net assets	**4,030.7**	**(2,543.6)**	**2,261.7**	**3,748.8**

(1) Includes resulting adjustments on trade and other receivables—current, trade and other payables—current, trade and other payables—non-current, and provisions—non-current.

(£ million)	Under IAS 17	Remove rent	Add depreciation and interest	As reported under IFRS 16
Adjusted EBITDAR	**752.7**	**—**	**—**	**752.7**
Rent income	3.0	1.9	—	4.9
Rent expense	(188.3)	186.3	—	(2.0)
Adjusted EBITDA	**567.4**	**188.2**	—	**755.6**
Depreciation and amortisation	(164.8)	—	(104.0)	(268.8)
Adjusted Operating Profit	**402.6**	**188.2**	**(104.0)**	**486.8**
Net finance costs	(13.2)	—	(115.3)	(128.5)
Adjusted Profit before Tax	**389.4**	**188.2**	**(219.3)**	**358.3**

Financial year ended 28 February 2019 (restated)[1]

(£ million)	Under IAS 17	Add lease liabilities	Add right-of-use asset	As reported under IFRS 16
Total assets	7,904.6	—	2,129.7	10,034.3
Total liabilities	(2,032.3)	(2,349.3)	—	(4,381.6)
Net assets	**5,872.3**	**(2,349.0)**	**2,130.0**	**5,652.7**

(1) Restated to reflect the irrevocable commitment to purchase shares of £330.1 million

(£ million)	Under IAS 17	Remove rent	Add depreciation and interest	As reported under IFRS 16
Adjusted EBITDAR	**794.4**	**—**	**—**	**794.4**
Rent income	2.1	2.0	—	4.1
Rent expense	(170.2)	167.7	—	(2.5)
Adjusted EBITDA	**626.3**	**169.7**	**—**	**796.0**
Depreciation and amortization	(160.0)	—	(98.3)	(258.3)
Adjusted Operating Profit	**466.3**	**169.7**	**(98.3)**	**537.7**
Net finance costs	(34.3)	—	(113.1)	(147.4)
Adjusted Profit before Tax	**432.0**	**169.7**	**(211.4)**	**390.3**

The implementation of IFRS 16 has also required the Group to make certain adjustments to its profit metrics, in order to ensure that the important return on capital measure remains a meaningful and consistent metric going forward. For additional discussion on Adjusted EBITDAR, Adjusted EBITDA and other APMs, and their impact on the Group, please see "*2—Results of Operations*" below.

(J) Economic climate in the Group's countries of operation

The performance of the domestic hotel sector traditionally correlates with GDP and consumer and business confidence. The Group's business is therefore closely linked to general economic conditions in the United Kingdom (where approximately 98% of the Premier Inn hotels are currently located), Germany and, to a lesser extent, the Middle East. Economic factors such as GDP, the level of business and consumer confidence, interest rates, wage growth, unemployment rates, tax rates, available credit and housing prices all can affect the level of consumer confidence, which can have a significant effect on the level of demand for hotel rooms, and on discretionary spending by potential customers of the Group's hotels. Further, changing levels of demand for hotel rooms due to general economic conditions, travel patterns, outbreaks of pandemic or contagious diseases, including the ongoing COVID-19 pandemic, weather conditions, terrorism, and political conditions affect the revenues and profitability of the Group's hotels. As a result, changes in consumer demand, preferences and general business cycles have historically had a material influence on the Group's revenues, and could in the future subject, the Group's revenues to significant volatility.

The United Kingdom's withdrawal from membership of the European Union has created significant uncertainty around whether a trade agreement will be concluded with the European Union and what rights and obligations any such agreement will contain. Such uncertainty, and other effects that cannot be anticipated, have impacted and could continue to impact business and consumer confidence, the United Kingdom economic environment and the Group's operations, such as staffing and the supply chain, which could materially impact the Group's operating and financial results. Moreover, the United Kingdom hospitality industry has experienced high inflationary pressure in recent years, primarily from rising wages, input costs and rent. This has led to significant cost increases for the three-year period ended 27 February 2020, which the Group largely mitigated through its cost efficiency programme.

(K) Seasonality and weather

The Group's business is seasonal in nature and affected by adverse weather conditions or unforeseen events. Occupancy at the Group's hotels and restaurants for leisure guests is generally higher during holiday periods, including Christmas and bank holidays in the United Kingdom, while Occupancy for business guests is higher at other times of the year. In addition, the Group's results are affected by periods of abnormal, severe or unseasonal weather conditions. Weather also typically affects the

Group's energy costs, which increase when there is an abnormally severe or prolonged winter or summer.

For further discussion of other certain factors that may adversely affect the Group's operations and financial condition, see the section of this document headed "Risk Factors."

1.2 Explanation of key profit and loss account line items

(A) Revenue

Revenue represents the sale of accommodation through the right to use a hotel room for a given number of nights, the sales of food and beverage, and the sales of certain other ancillary services such as meeting rooms, telephony and vending, all net of value added tax. For the sale of accommodation, this is for each night as it takes place, at the room rate for that night. Customers may pay in advance for accommodation. In this case, the Group has received consideration for services not yet provided. This is treated as a contract liability until the room is occupied, and revenue recognised. For the sale of food and beverage, revenue is recognised at the point at which items are purchased. For additional information, see Note 3 to the 2020 Annual Financial Statements.

(B) Operating costs

Operating costs includes all operating costs for the Group's trading divisions, including cost of goods sold, employment costs, central overhead costs, including head office staffing, and property-related costs, such as rent, business rates and insurance costs. Operating costs also include depreciation costs of property, plant and equipment and, since the Group's adoption of IFRS 16, depreciation charges for right-of-use assets. For additional information, see Note 6 to the 2020 Annual Financial Statements.

(C) Net finance costs

Prior to the Group's adoption of IFRS 16, net finance costs consisted of interest costs relating to short-term and long-term borrowings, net of interest income earned on cash deposits, and pension finance costs. Since the adoption of IFRS 16, net finance costs also include interest expenses on operating lease liabilities. For additional information, see Note 8 to the 2020 Annual Financial Statements.

(D) Tax expense

Tax expense consists of corporation tax charged at the prevailing rate amended for allowable tax adjustments, including but not limited to effects of depreciation/impairment on non-qualifying assets, expenses/(income) not deductible for tax purposes. For additional information, see Note 10 to the 2020 Annual Financial Statements.

2. RESULTS OF OPERATIONS

The following table summarises the Group's consolidated income for the periods indicated:

(£ million)	52 weeks to 27 February 2020	52 weeks to 28 February 2019 (restated)[1]	52 weeks to 28 February 2019 (reported)	52 weeks to 1 March 2018 (restated)[2]	52 weeks to 1 March 2018 (reported)
Revenue	2,071.5	2,049.1	2,049.1	2,007.4	3,295.1
Other income	37.1	5.8	—	—	—
Operating Costs	(1,697.6)	(1,688.8)	(1,754.4)	(1,542.0)	(2,707.3)
Operating profit before joint ventures	**411.0**	**366.1**	**294.7**	**465.4**	**587.8**
Share of profit/ (loss) from joint ventures	(2.5)	(0.6)	(0.6)	1.8	2.0
Operating profit	**408.5**	**365.5**	**294.1**	**467.2**	**589.8**
Net finance costs	(128.5)	(147.4)	(34.3)	(40.7)	(41.4)
Profit before tax	**280.0**	**218.1**	**259.8**	**426.5**	**548.4**
Analysed as:					
Adjusted Profit before Tax[2]	**358.3**	**390.3**	**437.9**	**432.6**	**590.7**
Adjusting items before tax	(78.3)	(172.2)	(178.1)	(6.1)	(42.3)
Tax expense	(62.1)	(41.3)	(49.2)	(83.0)	(112.0)
Profit for the year from continuing operations	**217.9**	**176.8**	**210.6**	**343.5**	**436.4**
Profit for the year from discontinued operations	**—**	**3,554.6**	**3,520.0**	**92.9**	**—**
Profit for the year	**217.9**	**3,731.3**	**3,730.6**	**436.4**	**436.4**

(1) Restated to reflect the impact of adopting a new accounting policy in respect of IFRS 16 Leases.

(2) Restated to reflect the impact of treating Costa as a discontinued operation and re-presented to reflect the introduction of a new alternative performance measure, as a result of which IAS 19 pension finance costs/income no longer fall within the definition of adjusting items.

The Group uses certain APMs to help evaluate the Group's financial performance, position and cash flows, and believes that such measures provide an enhanced understanding of the Group's results and related trends and allow for comparisons of the financial performance of the Group's businesses either from one period to another or with other similar businesses. However, APMs are not defined by IFRS and therefore may not be directly comparable with similarly titled measures reported by other companies. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures. Further details on the APMs used by the Group are set out in section 6 (*Alternative Performance Measures) of* Part *2 (Important Notices*).

The table below sets out certain of the Group's APMs for the periods indicated, including reconciliations to the nearest IFRS measures.

Adjusted Revenue	52 weeks to 27 February 2020	52 weeks to 28 February 2019 (restated)	52 weeks to 1 March 2018 (restated)
Revenue	**2,071.5**	**2,049.1**	**2,007.4**
Adjustments:			
TSA revenue[1]	(9.4)	(2.0)	—
Adjusted Revenue	**2,062.1**	**2,047.1**	**2,007.4**

(1) Represents revenue generated from the TSA to provide certain services to facilitate the separation of Costa from the rest of the Group following the disposal. See further discussion within Note 7 of the 2020 Annual Financial Statements.

Adjusted EBITDA (pre-IFRS 16) and Adjusted EBITDAR	52 weeks to 27 February 2020	52 weeks to 28 February 2019 (restated)	52 weeks to 1 March 2018 (restated)
Profit for the year	**217.9**	**3,731.4**	**436.4**
Adjustments:			
Net finance costs	128.5	147.4	40.7
Tax expense	62.1	41.3	83.0
Profit from discontinued operations, net of tax	—	(3,554.6)	(92.9)
Depreciation—right-of-use asset	104.0	98.3	—
Depreciation—plant, property and equipment	145.0	139.1	133.2
Amortisation	19.8	20.9	17.2
TSA revenue[1]	(9.4)	(2.0)	—
TSA costs[1]	8.9	1.9	—
Costa disposal[2]	15.2	108.0	—
Guaranteed minimum pension[3]	—	13.1	—
Disposal, impairment and write off of intangible assets and property, plant and equipment and provisions for property costs[4]	76.3	44.2	(0.2)
UK restructuring[5]	(0.2)	7.0	1.7
Employment tax settlement[6]	3.0	—	—
PI International exit[7]	—	—	(6.7)
Acquisition costs[8]	2.4	—	1.3
Impairment in Joint Venture[9]	0.4	—	—
Variable lease payments[10]	(18.3)	—	—
Contingent rent	2.0	2.5	
Rental income	(4.9)	(4.1)	
Rent expense[11]	—	—	156.4
Adjusted EBITDAR	**752.7**	**794.4**	**770.1**
Rent variable lease payments and rental income[11]	(185.3)	(168.1)	(156.4)
Adjusted EBITDA (pre-IFRS 16)	**567.4**	**626.3**	**613.7**

(1) Following the sale of Costa to Coca Cola, the Group entered into the TSA to provide certain services to facilitate the successful separation of Costa from the rest of the Group. This includes HR, IT and facilities services. The revenue has been earned since the completion of the sale on 3 January 2019 and will continue for a limited time, with all services expected to conclude in 2021.

(2) In addition to the costs of providing the transitional services to Costa, the Group incurred £17.5 million (financial year ended 28 February 2019: £19.9 million) of separation costs in relation to the reorganisation of the Group. This included costs of separating IT infrastructure, contract renegotiation and other related activities. Separation activity has been substantially completed during the year, with final costs expected to occur in the financial year ending 25 February 2021. Following the disposal of Costa, the Group announced a restructure to simplify support centre operations and recognised a provision at February 2019 of £11.6 million in relation to this restructure. During the year the Group assessed the remaining provision and released £2.3 million to the income statement. During the financial year ended 28 February 2019, the Group undertook a full review of the continuing business operations resulting in a total charge of £80.4 million, including the write-off of IT intangible assets of £45.1 million and related contracts of £9.7 million, people and project costs of £13.2 million relating to the restructure of support centre operations; and other costs of £12.4 million. In addition an impairment charge of £7.7 million was recognised relating to strategic IT assets and projects that were intended for implementation across both Premier Inn and Costa.

(3) In October 2018, following a High Court ruling that pension schemes should equalise guaranteed minimum pension benefits for men and women, a past service cost of £13.1 million was recognised in the financial year ended 28 February 2019 to reflect this decision in the obligations of the Whitbread Group Pension Scheme.

(4) During the financial year ended 27 February 2020, the Group made a net gain on asset disposals of £5.2 million (financial year ended 28 February 2019: £2.0 million) from the disposal of sites previously held for sale. This was offset by impairment losses on hotel sites transferred to assets held for sale of £5.0 million (financial year ended 28 February 2019: £4.8 million), impairment losses on trading sites of £36.6 million (financial year ended 28 February 2019: £7.2 million) and provisions for other property costs of £14.5 million (financial year ended 28 February 2019: £10.8 million). As a result of the cancellation of IT projects, intangible assets of £3.3 million (financial year ended 28 February 2019: £19.9 million) and tangible assets of £5.1 million were written off, operating costs of £5.6 million were incurred and a provision for onerous contracts of £1.1 million (financial year ended 28 February 2019: £3.5 million) was created. In addition, following a fire at the Cribbs Causeway Premier Inn, the Group has recorded an impairment of £9.6 million and other costs of £0.7 million. The anticipated insurance claim proceeds of £16.0 million covering property and loss of trade are included in other income.

(5) In the financial years ended 28 February 2019 and 1 March 2018, the Group restructured its hotel and restaurant operations resulting in redundancy and project costs of £1.7 million in the financial year ended 1 March 2018 and £7 million

in the financial year ended 28 February 2019. An amount of £0.2 million was released to the income statement in the financial year ended 27 February 2020.

(6) In the financial year ended 27 February 2020, the Group received an enquiry from HMRC in relation to historic PAYE returns. The Group believes it has strong grounds to appeal, however has provided in full for the amount claimed by HMRC.

(7) During the financial year ended 1 March 2018, the Group disposed of its businesses in Thailand, India and Indonesia, achieving net sales proceeds in excess of those assumed in the initial impairment calculation resulting in a net credit of £6.7 million in the financial year ended 1 March 2018.

(8) During the financial year ended 27 February 2020 the Group incurred costs of £2.4 million of fees in relation to acquisitions which did not proceed to completion. During the financial year ended 1 March 2018, the Group entered into an agreement to acquire the share capital of a company held by Foremost, incurring professional fees in relation to the transaction of £1.3 million.

(9) The Group recorded a cost of £0.4 million representing its share of a site level impairment in the accounts of its joint venture, Premier Inn Hotels LLC.

(10) During the financial year ended 27 February 2020, the Group received a legal settlement of £2.3 million in relation to leases entered in prior periods, and recognised anticipated insurance claim proceeds of £16 million covering property and loss of trade in from an anticipated insurance claim relating to a fire at the Cribbs Causeway Premier Inn.

(11) Rent expense represents rental charges for operating lease payments made within the period, as defined under IAS 17 which is more reflective of the profile of cash payments made to lessors in the period than the income statement charges under IFRS 16.

Net debt and Adjusted Net Debt	As at 27 February 2020	As at 28 February 2019 (restated)	As at 1 March 2018 (reported)
Cash and cash equivalents	**(502.6)**	**(3,403.2)**	**(90.6)**
Current borrowings	84.0	0.0	108.9
Non-current borrowings	741.5	819.9	814.5
Net debt/(cash)	**322.9**	**(2,583.3)**	**832.8**
Adjustments:			
Restricted cash adjustment[1]	10.0	10.0	10.0
Adjusted Net Debt/(Cash)	**332.9**	**(2,573.3)**	**842.8**

(1) Adjustment to deduct cash that rating agencies have historically excluded from their analysis on the basis that it is considered to be not readily available.

Adjusted Operating Profit & Adjusted Operating Profit (pre-IFRS 16)	52 weeks to 27 February 2020	52 weeks to 28 February 2019 (restated)	52 weeks to 1 March 2018 (restated)
Operating profit	**408.5**	**365.5**	**467.2**
Adjustments:			
TSA revenue[1]	(9.4)	(2.0)	—
TSA costs[1]	8.9	1.9	—
Costa disposal[2]	15.2	108.0	—
Guaranteed minimum pension[3]	0.0	13.1	—
Disposal, impairment and write-off of intangible assets and property, plant and equipment and provisions for property costs[4]	76.3	44.2	(0.2)
UK restructuring[5]	(0.2)	7.0	1.7
Employment tax settlement[6]	3.0	0.0	—
PI International exit[7]	0.0	0.0	(6.7)
Acquisition costs[8]	2.4	0.0	1.3
Impairment in Joint Venture[9]	0.4	0.0	—
Other income[10]	(18.3)	0.0	—
Adjusted Operating Profit	**486.8**	**537.7**	**463.3**
Right-of-use asset depreciation	104.0	98.3	—
Rent expense[11]	(188.2)	(169.7)	—
Adjusted Operating Profit (pre-IFRS 16)	**402.6**	**466.3**	**463.3**

(1) Following the sale of Costa to Coca Cola, the Group entered into the TSA to provide certain services to facilitate the successful separation of Costa from the rest of the Group. This includes HR, IT and facilities services. The revenue has been earned since the completion of the sale on 3 January 2019 and will continue for a limited time, with all services expected to conclude in 2021.

(2) In addition to the costs of providing the transitional services to Costa, the Group incurred £17.5 million (financial year ended 28 February 2019: £19.9 million) of separation costs in relation to the reorganisation of the Group. This included costs of separating IT infrastructure, contract renegotiation and other related activities. Separation activity has been substantially completed during the year, with final costs expected to occur in the financial year ending 25 February 2021. Following the disposal of Costa, the Group announced a restructure to simplify support centre operations and recognised a provision at February 2019 of £11.6 million in relation to this restructure. During the year the Group assessed the remaining provision and released £2.3 million to the income statement. During the financial year ended 28 February 2019, the Group undertook a full review of the continuing business operations resulting in a total charge of £80.4 million, including the write-off of IT intangible assets of £45.1 million and related contracts of £9.7 million, people and project costs of £13.2 million relating to the restructure of support centre operations; and other costs of £12.4 million. In addition an impairment charge of £7.7 million was recognised relating to strategic IT assets and projects that were intended for implementation across both Premier Inn and Costa.

(3) In October 2018, following a High Court ruling that pension schemes should equalise guaranteed minimum pension benefits for men and women, a past service cost of £13.1 million was recognised in the financial year ended 28 February 2019 to reflect this decision in the obligations of the Whitbread Group Pension Scheme.

(4) During the financial year ended 27 February 2020, the Group made a net gain on asset disposals of £5.2 million (financial year ended 28 February 2019: £2.0 million) from the disposal of sites previously held for sale. This was offset by impairment losses on hotel sites transferred to assets held for sale of £5.0 million (financial year ended 28 February 2019: £4.8 million), impairment losses on trading sites of £36.6 million (financial year ended 28 February 2019: £7.2 million) and provisions for other property costs of £14.5 million (financial year ended 28 February 2019: £10.8 million). As a result of the cancellation of IT projects, intangible assets of £3.3 million (financial year ended 28 February 2019: £19.9 million) and tangible assets of £5.1 million were written off, operating costs of £5.6 million were incurred and a provision for onerous contracts of £1.1 million (financial year ended 28 February 2019: £3.5 million) was created. In addition, following a fire at the Cribbs Causeway Premier Inn, the Group has recorded an impairment of £9.6 million and other costs of £0.7 million. The anticipated insurance claim proceeds of £16.0 million covering property and loss of trade are included in other income.

(5) In the financial years ended 28 February 2019 and 1 March 2018, the Group restructured its hotel and restaurant operations resulting in redundancy and project costs of £1.7 million in the financial year ended 1 March 2018 and £7 million in the financial year ended 28 February 2019. An amount of £0.2 million was released to the income statement in the financial year ended 27 February 2020.

(6) In the financial year ended 27 February 2020, the Group received an enquiry from HMRC in relation to historic PAYE returns. The Group believes it has strong grounds to appeal, however has provided in full for the amount claimed by HMRC.

(7) During the financial year ended 1 March 2018, the Group disposed of its businesses in Thailand, India and Indonesia, achieving net sales proceeds in excess of those assumed in the initial impairment calculation resulting in a net credit of £6.7 million in the financial year ended 1 March 2018.

(8) During the financial year ended 27 February 2020 the Group incurred costs of £2.4 million of fees in relation to acquisitions which did not proceed to completion. During the financial year ended 1 March 2018, the Group entered into an agreement to acquire the share capital of a company held by Foremost, incurring professional fees in relation to the transaction of £1.3 million.

(9) The Group recorded a cost of £0.4 million representing its share of a site level impairment in the accounts of its joint venture, Premier Inn Hotels LLC.

(10) During the financial year ended 27 February 2020, the Group received a legal settlement of £2.3 million in relation to leases entered in prior periods, and recognised anticipated insurance claim proceeds of £16 million covering property and loss of trade in from an anticipated insurance claim relating to a fire at the Cribbs Causeway Premier Inn.

(11) Rent expense represents rental charges for operating lease made within the period, as defined under IAS 17 which is more reflective of the profile of cash payments made to lessors in the period than the income statement charges under IFRS 16.

Adjusted Profit before Tax	52 weeks to 27 February 2020	52 weeks to 28 February 2019 (restated)	52 weeks to 1 March 2018 (restated)
Profit before tax	**280.0**	**218.1**	**426.5**
Adjustments:			
TSA revenue[1]	(9.4)	(2.0)	—
TSA costs[1]	8.9	1.9	—
Costa disposal[2]	15.2	108.0	—
Guaranteed minimum pension[3]	—	13.1	—
Disposal, impairment and write-off of intangible assets and property, plant and equipment and provisions for property costs[4]	76.3	44.2	(0.2)
UK restructuring[5]	(0.2)	7.0	1.7
Employment tax settlement[6]	3.0	—	—
PI International exit[7]	—	—	(6.7)
Acquisition costs[8]	2.4	—	1.3
Impairment in Joint Venture[9]	0.4	—	—
Other income[10]	(18.3)	—	—
IAS 19 pension finance cost[11]	—	—	10.0
Underlying profit before tax	**358.3**	**390.3**	**432.6**
IAS 19 pension finance cost[11]	—	—	(10.0)
Adjusted Profit before Tax	**358.3**	**390.3**	**422.6**

(1) Following the sale of Costa to Coca Cola, the Group entered into the TSA to provide certain services to facilitate the successful separation of Costa from the rest of the Group. This includes HR, IT and facilities services. The revenue has been earned since the completion of the sale on 3 January 2019 and will continue for a limited time, with all services expected to conclude in 2021.

(2) In addition to the costs of providing the transitional services to Costa, the Group incurred £17.5 million (financial year ended 28 February 2019: £19.9 million) of separation costs in relation to the reorganisation of the Group. This included costs of separating IT infrastructure, contract renegotiation and other related activities. Separation activity has been substantially completed during the year, with final costs expected to occur in the financial year ending 25 February 2021. Following the disposal of Costa, the Group announced a restructure to simplify support centre operations and recognised a provision at February 2019 of £11.6 million in relation to this restructure. During the year the Group assessed the remaining provision and released £2.3 million to the income statement. During the financial year ended 28 February 2019, the Group undertook a full review of the continuing business operations resulting in a total charge of £80.4 million, including the write-off of IT intangible assets of £45.1 million and related contracts of £9.7 million, people and project costs of £13.2 million relating to the restructure of support centre operations; and other costs of £12.4 million. In addition an impairment charge of £7.7 million was recognised relating to strategic IT assets and projects that were intended for implementation across both Premier Inn and Costa.

(3) In October 2018, following a High Court ruling that pension schemes should equalise guaranteed minimum pension benefits for men and women, a past service cost of £13.1 million was recognised in the financial year ended 28 February 2019 to reflect this decision in the obligations of the Whitbread Group Pension Scheme.

(4) During the financial year ended 27 February 2020, the Group made a net gain on asset disposals of £5.2 million (financial year ended 28 February 2019: £2.0 million) from the disposal of sites previously held for sale. This was offset by impairment losses on hotel sites transferred to assets held for sale of £5.0 million (financial year ended 28 February 2019: £4.8 million), impairment losses on trading sites of £36.6 million (financial year ended 28 February 2019: £7.2 million) and provisions for other property costs of £14.5 million (financial year ended 28 February 2019: £10.8 million). As a result of the cancellation of IT projects, intangible assets of £3.3 million (financial year ended 28 February 2019: £19.9 million) and tangible assets of £5.1 million were written off, operating costs of £5.6 million were incurred and a provision for onerous contracts of £1.1 million (financial year ended 28 February 2019: £3.5 million) was created. In addition, following a fire at the Cribbs Causeway Premier Inn, the Group has recorded an impairment of £9.6 million and other costs of £0.7 million. The anticipated insurance claim proceeds of £16.0 million covering property and loss of trade are included in other income.

(5) In the financial years ended 28 February 2019 and 1 March 2018, the Group restructured its hotel and restaurant operations resulting in redundancy and project costs of £1.7 million in the financial year ended 1 March 2018 and £7 million in the financial year ended 28 February 2019. An amount of £0.2 million was released to the income statement in the financial year ended 27 February 2020.

(6) In the financial year ended 27 February 2020, the Group received an enquiry from HMRC in relation to historic PAYE returns. The Group believes it has strong grounds to appeal, however has provided in full for the amount claimed by HMRC.

(7) During the financial year ended 1 March 2018, the Group disposed of its businesses in Thailand, India and Indonesia, achieving net sales proceeds in excess of those assumed in the initial impairment calculation resulting in a net credit of £6.7 million in the financial year ended 1 March 2018.

(8) During the financial year ended 27 February 2020 the Group incurred costs of £2.4 million of fees in relation to acquisitions which did not proceed to completion. During the financial year ended 1 March 2018, the Group entered into an agreement to acquire the share capital of a company held by Foremost, incurring professional fees in relation to the transaction of £1.3 million.

(9) The Group recorded a cost of £0.4 million representing its share of a site level impairment in the accounts of its joint venture, Premier Inn Hotels LLC.

(10) During the financial year ended 27 February 2020, the Group received a legal settlement of £2.3 million in relation to leases entered in prior periods, and recognised anticipated insurance claim proceeds of £16 million covering property and loss of trade in from an anticipated insurance claim relating to a fire at the Cribbs Causeway Premier Inn.

(11) On 1 March 2019 the Group adopted a new accounting policy for adjusting items and use of APMs. This policy replaces the non-underlying items and use of underlying performance measures policy adopted in previous financial years. As a result of the change, IAS 19 pension finance costs/income did not sit not within the definition of adjusting items after the financial year ended 1 March 2018.

Discretionary Free Cashflow	52 weeks to 27 February 2020	52 weeks to 28 February 2019 (restated)	52 weeks to 1 March 2018 (reported)
Cash Generated from operations	**686.4**	**1,061.8**	**877.1**
Adjustments:			
Payment of principal of lease liabilities	(72.1)	(117.5)	—
Interest paid—lease liabilities	(115.3)	(129.9)	—
Interest paid—other	(31.9)	(38.8)	(34.3)
Interest received	12.0	4.9	0.8
Corporation taxes paid	(8.5)	(90.2)	(99.3)
Maintenance capital expenditure[1]	(153.5)	(192.0)	(159.0)
Discretionary Free Cashflow	**317.1**	**498.3**	**585.3**

(1) Capital expenditure relating to repairs and maintenance, product improvement and IT.

ROCE pre-IFRS 16	As at and for the 52 weeks to 27 February 2020	As at and for the 52 weeks to 28 February 2019 (restated)	As at and for the 52 weeks to 1 March 2018 (reported)
Net assets	**3,748.8**	**5,652.7**	**2,802.5**
Adjustments:			
Cash and cash equivalents	(502.6)	(3,403.2)	(90.6)
Current borrowings	84.0	—	108.9
Non-current borrowings	741.5	819.9	814.5
Current tax (assets) / liabilities	(14.9)	(12.6)	44.8
Deferred tax liabilities	137.8	71.1	82.4
Pension (surplus) / deficit	(190.3)	119.6	288.6
Other financial liabilities	—	330.1	—
Derivative financial assets	(37.6)	(16.4)	(21.7)
Derivative financial liabilities	4.4	5.8	7.9
Right-of-use assets	(2,273.7)	(2,141.7)	—
Lease liabilities	2,620.6	2,471.8	—
IFRS 16 Working capital adjustments	(65.0)	(65.3)	—
Adjusted Net Assets for Return on Capital Employed (pre-IFRS 16)	**4,253.0**	**3,831.8**	**4,037.3**
Adjusted Operating Profit (pre-IFRS 16)	402.6	466.3	463.3
Adjusted Operating profit from discontinued operations	—	—	158.8
Return on Capital Employed (pre-IFRS 16)	**9.5%**	**12.2%**	**15.4%**

Lease Adjusted Net Debt and FFO	As at and for the 52 weeks to 27 February 2020	As at and for the 52 weeks to 28 February 2019 (restated)	As at and for the 52 weeks to 1 March 2018 (reported)
Net cash flows from operating activities	234.2	603.2	621.0
Adjustments:			
Payment of principal of lease liabilities	(72.1)	(117.5)	—
Movement in working capital	64.0	1.4	(11.6)
Interest paid—other	31.9	38.8	34.3
Interest received	(12.0)	(4.9)	(0.8)
Adjustment for one-off pension payment[1]	274.0	107.0	—
Adjusted property rent[2]	186.3	274.1	278.4
Funds from operations	**706.3**	**902.1**	**921.3**
Adjusted Net Debt	332.9	(2,573.3)	842.8
Lease Debt[3]	1,490.0	2,192.8	2,227.0
Lease Adjusted Net Debt / (Cash)	**1,822.9**	**(380.5)**	**3,069.8**
Lease Adjusted Net Debt / FFO	**2.6**	**(0.4)**	**3.3**

(1) Following the disposal of Costa, the Group made an accelerated contribution payment to the Whitbread Group Pension Fund of £381 million, comprising £107 million in the financial year ended 28 February 2019 and £274 million in the financial year ended 27 February 2020

(2) Rent expense for the Group, including Costa, less a proportion of contingent rent and non-property related leases.

(3) Eight times adjusted property rent, reflecting lease debt assumption commonly used by rating agencies.

Adjusted operating profit from discontinued operations	52 weeks to 27 February 2020	52 weeks to 28 February 2019 (restated)	52 weeks to 1 March 2018 (reported)
Operating profit from discontinued	—	—	**122.6**
Disposal of property, plant and equipment and property provisions[1]	—	—	16.5
Restructuring[2]	—	—	5.5
Historic indirect tax disputes[3]	—	—	2.8
IT asset impairment[4]	—	—	9.1
Amortisation of acquired intangibles[5]	—	—	2.3
Adjusted operating profit from discontinued operations	**—**	**—**	**158.8**

(1) Impairment losses on trading sites, and changes in onerous contract provisions in the United Kingdom and Poland.

(2) Costs related to exits from Singapore and Canada, together with the release of a provision relating to a United Kingdom restructure.

(3) Provision in respect of additional indirect tax potentially payable outside the United Kingdom.

(4) Impairment charge and provision following a review of IT assets.

(5) Amortisation costs relating to reacquired franchise rights from the acquisition of Life Coffee Cafes Limited in the financial year ended 26 February 2015, amortised over five years.

3. COMPARISON OF THE FINANCIAL YEARS ENDED 27 FEBRUARY 2020 AND 28 FEBRUARY 2019

Unless otherwise indicated, the following review of the financial year ended 27 February 2020 compared to the financial year ended 28 February 2019 is on an "as restated" basis under IFRS 16, rather than an "as reported" basis.

3.1 Revenue

Revenue from continuing operations increased by 1.1% to £2,071.5 million for the financial year ended 27 February 2020 from £2,049.1 million for the financial year ended 28 February 2019. A weaker regional market performance in the United Kingdom was offset by capacity additions and maturing sites from prior year openings. Total Accommodation Sales in the United Kingdom decreased by (0.1%), with Like-for-like Sales declining by (2.4)%. Sales in London grew by 5.2%, while sales in the Regions declined by (1.6)%, principally due to weak business confidence in the market. Continued

investment in the Group's food and beverage proposition supported a 1.5% growth in food and beverage sales. Revenue more than doubled in Germany to £12 million for the financial year ended 27 February 2020 from £5 million for the financial year ended 28 February 2019, primarily driven by new openings in Hamburg and Munich.

3.2 Operating costs

Operating costs from continuing operations increased by 0.5% to £1,697.6 million for the financial year ended 27 February 2020 from £1,688.8 million for the financial year ended 28 February 2019. Continued high inflationary pressure experienced generally across the United Kingdom hospitality industry was offset by approximately £45 million of savings delivered through the Efficiency Programme. For the financial year ended 27 February 2020, adjusting items in operating costs totalled £105.6 million compared to £174.2 million in the financial year ended 28 February 2019. Of this total, £17.5 million related to the continued work on the disposal and separation of Costa and a write-off and impairment charge of £76.3 million recorded against underperforming hotels, hotels held for sale, IT intangible assets, and provisions for property costs. Further detail on adjusting items can be found in Note 7 the 2020 Annual Financial Statements.

3.3 Net finance costs

Net finance costs decreased by 12.8% to £128.5 million for the financial year ended 27 February 2020 from £147.4 million for the financial year ended 28 February 2019, primarily due to higher interest received on the cash balance held from the sale of Costa proceeds and elimination of the pension finance cost, resulting from the pension moving to an accounting surplus following a one-off pension contribution agreed as part of the Costa disposal. Net finance costs also include £115 million of IFRS lease liability interest costs compared to £113 million for the financial year ended 28 February 2019, primarily driven by new leasehold properties.

3.4 Tax expense

Tax expense increased to £62.1 million for the financial year ended 27 February 2020, with an effective adjusted effective tax rate of 19.3%, from £(41.3) million for the financial year ended 28 February 2019, primarily due to the cash contribution made to the pension fund following the disposal of Costa in the financial year ended 28 February 2019 being deductible for tax purposes.

3.5 Profit for the year from continuing operations

Profit from continuing operations increased by 23.2% to £217.9 million for the financial year ended 27 February 2020 from £176.8 million for the financial year ended 28 February 2019 as a result of the factors described above. Adjusted Profit before Tax from continuing operations decreased by 8.2% to £358.3 million for the financial year ended 27 February 2020 from £390.3 million for the financial year ended 28 February 2019.

3.6 Adjusted EBITDA (pre-IFRS 16) and Adjusted EBITDAR from continuing operations

Adjusted EBITDA (pre-IFRS 16) decreased by 9.4% to £567.4 million for the financial year ended 27 February 2020 from £626.3 million for the financial year ended 28 February 2019, primarily due to an increase in operating costs driven by industry wide inflation compared to broadly flat year-on-year revenue growth.

Adjusted EBITDAR decreased by 5.2% to £752.7 million for the financial year ended 27 February 2020 from £794.4 million for the financial year ended 28 February 2019, primarily due to the factors outlined above.

4. COMPARISON OF THE FINANCIAL YEARS ENDED 28 FEBRUARY 2019 AND 1 MARCH 2018

Due to the adoption of IFRS 16 from 1 March 2019, unless otherwise indicated the following review of the financial year ended 28 February 2019 compared to the financial year ended 1 March 2018 is on an "as reported" basis, rather than an "as restated" basis.

4.1 Revenue

Revenue from continuing operations increased by 2.1% to £2,049.1 million for the financial year ended 28 February 2019 from £2,007.4 million for the financial year ended 1 March 2018, primarily due to the contribution of new hotel additions. Total Accommodation Sales in the United Kingdom grew by 3.5%, with Like-for-like Sales declining by (0.6)%. Total Accommodation Sales in London grew by 5.2%, due to the contribution of 4,090 new rooms added in London over the three-year period ended 28 February 2019. In the Regions, Premier Inn Total Accommodation Sales decreased by (1.6)%. The Group's food and beverage revenue increased by 1.5% year-on-year.

4.2 Operating costs

Operating costs from continuing operations increased by 13.8% to £(1,754.4) million for the financial year ended 28 February 2019 from £(1,542.0) million for the financial year ended 1 March 2018, primarily driven by £108 million of disposal costs incurred by the Group following the sale of Costa categorised as adjusting items, £20 million of Group reorganisation costs, including separating IT infrastructure and contract renegotiation, £55 million write-off of IT intangible assets and related contracts, and £13 million relating to head office restructuring. Full details of all adjusting items can be found can be found in Note 6 of the 2019 Annual Financial Statements.

In addition, £63 million of efficiency savings were delivered, offsetting an increase of around £55 million due to inflationary pressure primarily due to rising wages, input costs and rent experienced across the United Kingdom hospitality industry, along with ongoing investments in hotel refurbishments and IT.

4.3 Net finance costs

Net finance costs from continuing operations decreased by 15.7% to £(34.3) million for the financial year ended 28 February 2019 from £(40.7) million for the financial year ended 1 March 2018, primarily due to the interest on cash balances from Costa sale proceeds.

4.4 Tax expense

Tax expense from continuing operations decreased by 40.7% to £(49.2) million for the financial year ended 28 February 2019 from £(83.0) million for the financial year ended 1 March 2018, primarily due to a tax credit of £35.6 million relating to the costs of separating the Costa business as described above, and tax deductible contribution to the pension fund.

4.5 Profit for the year from continuing operations

Profit for the year from continuing operations was £210.6 million for the financial year ended 28 February 2019, a decrease of 38.7% compared to £343.5 million for the financial year ended 1 March 2018 as a result of the factors described above, particularly the costs incurred by the Group in relation to the sale and separation of Costa. Adjusted Profit before Tax from continuing operations increased by 1.2% to £437.9 million for the financial year ended 28 February 2019 from £432.6 million for the financial year ended 1 March 2018.

4.6 Profit from discontinued operations

Profit for the year from discontinued operations was £3,520 million for the financial year ended 28 February 2019, including a reported gain on the sale of Costa of £3,390 million.

4.7 Adjusted EBITDA (pre-IFRS 16) and Adjusted EBITDAR from continuing operations

Adjusted EBITDA (pre-IFRS 16) from continuing operations increased by 2.1% to £626.3 million for the financial year ended 28 February 2019 from £613.7 million for the financial year ended 1 March 2018.

Adjusted EBITDAR from continuing operations increased by 3.2% to £794.4 million for the financial year ended 28 February 2019 from £770.1 million for the financial year ended 1 March 2018.

5. CAPITALISATION AND INDEBTEDNESS

5.1 Capitalisation and indebtedness

The following table shows the capitalisation and indebtedness of the Group as at 27 February 2020.

(£ million)	As at 27 February 2020
Total current debt	
US Notes[1]	84.0
Total current indebtedness	**84.0**
Total non-current debt	
Revolving Credit Facility	—
US Notes[1]	295.6
2025 Bonds[1]	445.9
Total non-current debt	**741.5**

(1) US Notes and 2025 Bonds are presented net of unamortised debt issue costs. On a gross basis, the balance of indebtedness outstanding as at 27 February 2020 was £831.5 million.

(£ million)	As at 27 February 2020
Shareholder equity	
Share capital	112.9
Share premium	90.8
Capital redemption reserve	50.2
Retained earnings	5,861.9
Currency translation reserve	18.6
Other reserves	(2,385.6)
Total shareholders' equity	**3,748.8**

5.2 Net indebtedness

The following table sets forth components of the Group's net financial indebtedness as at 27 February 2020.

(£ million)	As at 27 February 2020
Cash and cash equivalents	502.6
Current:	
Borrowings	84.0
Non-current:	
Borrowings	741.5
Net indebtedness	**322.9**

As at 27 February 2020, the Group does not have indirect or contingent indebtedness.

6. LIQUIDITY AND CAPITAL RESOURCES

6.1 Overview

Historically, the Group's principal sources of liquidity used to finance its capital requirements have been a combination of cash in hand, cash generated from operations and the Revolving Credit Facility, which is due to mature in September 2022. The Group's principal uses of cash are to fund capital expenditures and working capital. As at 27 February 2020, the Group had cash and cash equivalents of £502.6 million (£3,403.2 million at 28 February 2019) and £950 million (£950.0 million at 28 February 2019) of undrawn committed borrowing facilities in respect of the Revolving Credit Facility.

The Group's principal source of liquidity on an ongoing basis is expected to be its operating cash flows and borrowings under its Revolving Credit Facility. The Group's business model has historically delivered consistently strong cash flow with a high rate of cash conversion over the last three financial years. The Group's ability to generate cash depends on its future operating performance, which, in turn, depends to some extent on general economic, financial, industry and other factors, many of which are beyond the Group control. For further discussion of other certain factors that may adversely affect the Group's operations and financial condition, see Part I (*Risk Factors*).

Other than derivatives, the Group's principal financial instruments comprise of the Revolving Credit Facility, the US Notes and the 2025 Bonds. The Group has also established a £600 million commercial paper programme through which the Bank of England has confirmed it is an eligible issuer under the CCFF. Under the CCFF, the Bank of England may acquire up to £600 million (or such other issuer limit as is agreed) of unsecured commercial paper issued by the Company from its commercial paper programme at a minimum spread over reference rates, with a term of between one week and 12 months, on an uncommitted basis and otherwise on standard terms comparable to those prevailing in the market in the period before the COVID-19 pandemic. As at the date of this document, no commercial paper had been issued by the Group under the CCFF. All such instruments are denominated in pound sterling, except for some of the US Notes that are denominated in US dollars. However, the Company entered into a number of cross-currency swap agreements in relation to these loan notes to eliminate any foreign exchange risk on interest rates or on the repayment of the principal borrowed. The US Notes issued by the Company and their corresponding coupons and maturities are shown in the following table as at 27 February 2020:

Title	Year Issued	Principal value (in millions)	Maturity	Coupon
Series B loan notes	2010	US$75.0	13 August 2020	5.23%
Series C loan notes	2010	£25.0	13 August 2020	5.19%
Series C loan notes	2011	US$93.5	26 January 2022	4.86%
Series D loan notes	2011	£25.0	6 September 2021	4.89%
Series A loan notes	2017	£100.0	16 August 2027	2.54%
Series B loan notes	2017	£100.0	16 August 2027	2.63%

The table below provides additional information on the Group's financial instruments discussed above, and related current and non-current financial liability for the financial years ended 27 February 2020 and 28 February 2019, respectively.

		Current		Non-current	
(£ million)	Maturity	52 weeks to 27 Feb 2020	52 weeks to 28 Feb 2019	52 weeks to 27 Feb 2020	52 weeks to 28 Feb 2019
Revolving Credit Facility	2022	—	—	—	—
US Notes	2020–2027	84.0	—	295.6	374.6
2025 Bonds	2025	—	—	445.9	445.3
Total		**84.0**	**—**	**741.5**	**819.9**

6.2 Consolidated cash flow

The following table summarises the Group's consolidated cash flow statement for the financial years ended 27 February 2020, 28 February 2019 and 1 March 2018, respectively. The table below includes cash flow of the entire Group, including cash flows relating to the Costa business. Disaggregated

information relating to the Costa business is provided in Note 10 to the 2019 Annual Financial Statements.

(£ million)	52 weeks to 27 Feb 2020	28 Feb 2019 (restated)[1]	28 Feb 2019 (reported)	1 Mar 2018
Cash generated from operations	**686.4**	**1,061.8**	**814.4**	**877.1**
Payments against provisions	(20.1)	(10.7)	(10.7)	(22.5)
Pension payments	(288.4)	(193.9)	(193.9)	(100.8)
Interest paid—lease liabilities	(115.3)	(129.9)	—	—
Interest paid—other	(31.9)	(38.8)	(38.8)	(34.3)
Interest received	12.0	4.9	4.9	0.8
Corporation taxes paid	(8.5)	(90.2)	(90.2)	(99.3)
Net cash flows from operating activities	**234.2**	**603.2**	**485.7**	**621.0**
Net cash flows from investing activities	(575.8)	3,261.6	3,261.6	(388.6)
Net cash flows used in financing activities	(2,550.9)	(551.9)	(434.4)	(205.1)
Net increase in cash and cash equivalents	**(2,892.5)**	**3,312.9**	**3,312.9**	**27.3**
Opening cash and cash equivalents	**3,403.2**	**90.6**	**90.6**	**63.0**
Foreign exchange differences	(8.1)	(0.3)	(0.3)	0.3
Closing cash and cash equivalents	**502.6**	**3,403.2**	**3,403.2**	**90.6**

(1) Restated to reflect the impact of adopting a new accounting policy in respect of IFRS 16

Due to the adoption of IFRS 16 from 1 March 2019, in the following review, cash flows for the financial year ended 28 February 2019 compared to the financial year ended 1 March 2018 are on an "as reported" basis, rather than a "restated" basis. Cash flows for the financial year ended 28 February 2019 compared to the financial year ended 27 February 2020 are on a "restated" basis.

(A) Net cash flows from operating activities

Net cash flows from operating activities decreased to £234.2 million for the financial year ended 27 February 2020 from £603.2 million for the financial year ended 28 February 2019, primarily due to lower cash generated from operations following the sale of the Costa business and the second phase of a one-off pension contribution to the Group pension fund agreed as part of the Costa disposal. This was partly offset by a lower tax charge driven by the tax relief granted on the one-off pension contribution made during the financial year.

Net cash flows from operating activities decreased to £485.7 million for the financial year ended 28 February 2019 from £621.0 million for the financial year ended 1 March 2018, primarily due to lower cash generated from operations following the disposal of Costa in January 2019, and the first phase of the one-off pension contribution to the Group pension fund agreed as part of the Costa disposal.

(B) Net cash flows from investing activities

Net cash flows from investing activities decreased to £575.8 million for the financial year ended 27 February 2020 from an inflow of £3,261.6 million for the financial year ended 28 February 2019. Cash flows for the financial year ended 28 February 2019 were largely influenced by proceeds received from the disposal of Costa. Cash flows from investing activities for the financial year ended 27 February 2020, primarily related to Capital Expenditure of £587.7 million for new and extended hotels in the United Kingdom and Germany, ensuring consistent, high-quality rooms across the existing estate through refurbishment and maintenance activity, and costs relating to the acquisition of a company with a portfolio of the hotels from Foremost in Germany.

The Group generated a cash inflow from investing activities of £3,261.6 million for the financial year ended 28 February 2019 from an outflow of £(388.6) million for the financial year ended 1 March 2018. The increase was driven by proceeds of £3,809.3 million net of transaction costs, and cash and cash equivalents from the disposal of Costa.

(C) Net cash flows used in financing activities

Net cash flows used in financing activities decreased to £(2,550.9) million for the financial year ended 27 February 2020 from £(551.9) million for the financial year ended 28 February 2019, primarily due to the purchase of shares through a share buyback and a tender offer totalling £2,328.4 million following the sale of Costa in January 2019.

Net cash flows used in financing activities decreased to £(434.4) million for the financial year ended 28 February 2019 from £(205.1) million for the financial year ended 1 March 2018, primarily due to an initial purchase of shares through share buybacks totalling £170 million following proceeds received from the disposal of Costa.

6.3 Capital Expenditures

Capital Expenditure	52 weeks to 27 Feb 2020	52 weeks to 28 Feb 2019 (restated)	52 weeks to 1 March 2018 (restated)
Purchase of property, plant and equipment	372.7	396.3	370.4
Investment in intangible assets	20.7	55.1	39.9
Cash paid in advance of acquisitions[1]	170.0	—	—
Acquisition of a subsidiary, net of cash acquired	22.3	—	—
Capital contributions to joint ventures	—	6.9	—
Loans advanced to Joint Ventures[2]	2.0	3.5	—
Capital Expenditure	**587.7**	**461.8**	**410.3**

(1) Cash paid in advance of acquisitions for the 52 weeks ended 27 February 2020, includes £157.2 million paid in advance of the year end relating to the post year end acquisition from Foremost and a £12.8 million deposit in relation to an acquisition which was written off subsequent to the year-end following the decision not to proceed with it.

(2) For the year ended 28 February 2019, loans advanced to joint ventures is restated to exclude a credit of £1.1 million received by Costa.

The Group's Capital Expenditures, including acquisitions, increased to £587.7 million for the financial year ended 27 February 2020 from £461.8 million for the financial year ended 28 February 2019, primarily due to increased investment in the hotel pipeline in Germany.

The Group's Capital Expenditures for continuing operations increased to £461.8 million for the financial year ended 28 February 2019 from £410.3 million for the financial year ended 1 March 2018, primarily due to maintenance and product improvement as well as expanding the United Kingdom network.

The Group's Capital Expenditure requirements vary from year to year based on, among other factors, different capital intensity in different operations and markets and specific reinvestment requirements in relation to its hotels. In light of the ongoing COVID-19 pandemic the Group has postponed the majority of non-committed development Capital Expenditure, including refurbishments, extensions, freehold builds and acquisitions. 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. Whilst the Group's capital spend will therefore reduce significantly in the financial year ending 25 February 2021 in response to the COVID-19 pandemic, the Group expects to return to normal levels once the COVID-19 pandemic abates.

6.4 Contractual and other obligations

(A) Financial liabilities

The financial liabilities of the Group as at 27 February 2020 comprise of the following

(£ million)	As at 27 February 2020
Interest-bearing loans and borrowings	101.0
Lease liabilities	196.8
Derivative financial instruments	2.2
Trade and other payables	130.7
Short-term financial liabilities	**430.7**
Interest-bearing loans and borrowings	838.0
Lease liabilities	4,783.9
Derivative financial instruments	2.2
Trade and other payables	126.3
Long-term financial liabilities	**5,624.1**
Total financial liabilities	**6,054.8**

At 27 February 2020, the Group had £1,760 million of committed borrowing facilities, including the Revolving Credit Facility of £950 million.

An analysis of the interest rate profile and the maturity of the borrowings, together with derivative financial instruments, is contained in section 7.2—*Liquidity Risk*.

In late 2019 the Financial Reporting Council (FRC) submitted a request for further information on one aspect of the 2019 Annual Financial Statements. Following completion of this review, the Directors have concluded that a liability should have been recorded at 28 February 2019 for the Group's irrevocable commitment to purchase its own shares resulting from the share buy-back programme launched after the sale of Costa. As a result, the consolidated balance sheet for the year ended 28 February 2019 has been restated as follows:

Consolidated balance sheet	As at 28 February 2019	Restatement	As at 28 February 2019 (restated)
Liabilities			
Other financial liabilities	—	330.1	330.1
Total liabilities	**1,702.2**	**330.1**	**2,032.3**
Equity			
Other reserves	(2,217.6)	(330.1)	(2,547.7)
Net assets	**6,202.4**	**(330.1)**	**5,872.3**

The restatement did not result in any change to reported profit, earnings per share or cash flows reported in the 2019 Annual Financial Statements.

(B) Pension liabilities

The Group provides retirement benefits to certain of its current and former employees through a number of pension arrangements including the Whitbread Group Pension Fund, a trust-based pension scheme which has both defined benefit and defined contribution sections. As at 27 February 2020, there were 24,051 active members and 45,485 deferred members of the defined contribution section of the Whitbread Group Pension Fund, and the total cost charged to the consolidated income statement in relation to this scheme in the year was £11 million (with £2.5 million outstanding contributions at the year-end).

The defined benefit section of the Whitbread Group Pension Fund instead closed to new entrants on 31 December 2001 and to future benefit accrual on 31 December 2009. As at 27 February 2020, there were 19,853 deferred pensions and 16,371 pensions in payment in the Whitbread Group Pension Fund. The surplus recognised in the consolidated balance sheet in respect of the defined benefit section of the Whitbread Group Pension Fund is the fair value of the plan assets less the present value of the defined benefit obligation at the end of the reporting period, whereas the pension cost is assessed in accordance with actuarial advice using the projected unit credit method. The present

value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. As the scheme is closed to future accrual, there is no future service cost.

The latest actuarial valuation of the Whitbread Group Pension Fund as at 31 March 2017 showed a deficit of £450.0 million on a scheme-specific funding basis. Following the sale of Costa, the Group made a cash contribution of £381.0 million to the Whitbread Group Pension Fund, following which no ongoing deficit recovery contributions are required, Costa was released from its obligations to the Whitbread Group Pension Fund, and new protections were agreed by the Group and Trustee.

The Whitbread Group Pension Fund also receives a share of the income, profits and a variable capital payment from its investment in a Scottish Limited Partnership, and asset-backed contribution structure whose interests are held by the Group, the general partner and the Trustee. The Group retains control over this partnership and its asset-holding subsidiary undertaking, which are therefore fully consolidated in the Group's financial statements. Contributions to the Whitbread Group Pension Fund total approximately £10 million per year and are expected to continue until February 2025. At the end of this period, the partnership capital allocated to the Trustee will, depending on the funding position of the Whitbread Group Pension Fund at that time, be transferred in cash to the Trustee up to a value of £150 million.

The share in profits made by Trustee is accounted for by the Group as contributions when paid. Under IAS 19, the investment held by the Trustee in the Scottish Limited Partnership does not represent a plan asset for the purposes of the consolidated financial statements, so the pension surplus position therein does not reflect the investment in the Scottish Limited Partnership held by the Trustee, which for the financial years ended 27 February 2020 and 28 February 2019 was equal to £162.4 million (2018: £190.2 million).

The Group also has in place with the Trustee a Deed of Covenant under which the Group is subject to: (i) from the date of the Deed of Covenant until the Pension Fund Covenant Compliance Date, the Waiver Period Financial Covenants; and (ii) from the Pension Fund Covenant Compliance Date, the Pension Fund Financial Covenant. In the event that the Group were in breach of the Pension Fund Financial Covenant, the Group would be obliged to contribute cash to the Whitbread Group Pension Fund. The amount of the contribution would be for the lesser of (i) the secondary funding target deficit of the Whitbread Group Pension Fund at the relevant time and (ii) if prior to the Pension Fund Covenant Compliance Date, £500.0 million (or £450.0 million if a one-off cash contribution of £50.0 million has been made to the Whitbread Group Pension Fund due to the Group failing to provide valuation reports and certificates of title in relation to the newly secured real estate properties by the applicable deadline), or, if after the Pension Fund Covenant Compliance Date, £450.0 million, as further described in "*1.22—The Group operates a United Kingdom defined benefit pension scheme, which is in deficit and has security over some of the Group's properties, to which it is required to make contributions and may be required to make future additional contributions as a result of regular actuarial valuations*" in Part I *(Risk Factors)*.

As at 27 February 2020, contributions were £286.5 million, £276.4 million of which came from the Group directly, £10 million from the Scottish Limited Partnership and £0.1 million comprised benefits settled by the Group in relation to an unfunded scheme (up from in £191.8 million in the financial year ended 28 February 2019, with £182 million from the Group, £9.7 million from the Scottish Limited Partnership and £0.1 million of settled benefits).

A full valuation of the defined benefit pension scheme as at 31 March 2020 will take place in the financial year ending 25 February 2021 as part of the triennial review which will confirm the technical deficit of the Whitbread Group Pension Fund. Since 27 February 2020, the fluctuation in the pension surplus as a result of the market volatility has remained within the amount indicated in the sensitivities disclosed in Note 31 to the 2020 Annual Financial Statements.

(C) Lease commitments

The Group leases various buildings which are used within the Premier Inn business. The leases are non-cancellable operating leases with varying terms, escalation clauses and renewal rights and

include variable payments that are not fixed in amount but based upon a percentage of sales. The Group also leases various plant and equipment under non-cancellable lease agreements.

Future contractual rentals payable under non-cancellable leases are included in section 7.2 (*Liquidity Risk)* of this Part X (*Operating and Financial Review*).

The Group acts as a lessor in relation to a number of non-trading legacy sites and in sub-letting space within trading sites. Rental income recognised by the Group during the financial year ended 27 February 2020 was £4.9 million (£4.1 million for the financial year ended 28 February 2019). Future minimum rentals receivable under non-cancellable leases at the year-end are as follows:

(£ million)	As at 27 February 2020
Within one year	4.3
After one year but not more than five years	9.9
More than five years	9.9
	24.1

(D) Off balance sheet arrangements

The Group does not have any off balance sheet arrangements.

7. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The Group's principal financial instruments, other than derivatives, comprise bank loans, private placement loans, senior unsecured bonds, cash, short-term deposits, trade receivables and trade payables. The Group's activities expose it to a variety of financial risks, including credit risk, liquidity risk, foreign currency exchange risk and interest rate risk. The Group's financial risk management policy, which is managed centrally by the Group's senior management, focuses on minimising the potential adverse effects on the Group's financial performance. The following section discusses the significant financial risks to which the Group is exposed. This discussion does not address other risks that the Group is exposed to in the normal course of business, such as operational risks.

For further discussion of other certain factors that may adversely affect the Group's operations and financial condition, see the section of this document headed "Risk Factors".

7.1 Credit risk

Due to the high level of cash held at the year-end, the most significant credit risk faced by the Group is that arising on cash and cash equivalents. The Group's exposure arises from default of the counter party, with a maximum exposure equal to the carrying value of these instruments. The Group seeks to minimise the risk of default in relation to cash and cash equivalents by spreading investments across a number of counterparties and dealing in accordance with the Group's treasury policy which specifies acceptable credit ratings and maximum investments for any counterparty.

In the event that any of the Group's banks get into financial difficulty, the Group is exposed to the risk of withdrawal of currently undrawn committed facilities. This risk is mitigated by the Group having a range of counterparties to its facilities.

The Group is exposed to a small amount of credit risk attributable to its trade and other receivables. This is minimised by dealing with counterparties with good credit ratings. The amounts included in the balance sheet are net of expected credit losses, which have been estimated by management based on prior experience and any known factors at the balance sheet date. The Group's maximum exposure on its trade and other receivables is the carrying amount as disclosed in Note 18 to the 2020 Annual Financial Statements.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk. The financial assets of the Group, all of which are classified as loans and receivables at amortised cost, comprise:

(£ millions)	As at 27 February 2020	As at 28 February 2019[1]	As at 1 March 2018
Cash and cash equivalents	502.6	3,403.2	90.6
Trade receivables	58.6	55.7	105.7
Other receivables	34.5	20.2	25.8
Loans to Joint Ventures	5.8	3.8	3.6
Derivative financial instruments—level 2	37.6	16.4	21.7
Total financial assets	**639.1**	**3,499.3**	**247.4**

(1) Restated to reflect the impact of adopting a new accounting policy in respect of IFRS 16 Leases.

7.2 Liquidity risk

In its funding strategy, the Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of overdrafts and bank loans. This strategy includes monitoring the maturity of financial liabilities to avoid the risk of a shortage of funds.

Excess cash used in managing liquidity is placed on interest-bearing deposit or money market funds, where maturity is fixed at no more than three months. Short-term flexibility is achieved through the use of short-term borrowing on the money markets.

The tables below summarise the maturity profile of the Group's financial liabilities at 27 February 2020 and 28 February 2019 based on contractual undiscounted payments, including interest:

	27 February 2020					
(£ million)	On demand	< 3 months	3–12 months	1–5 years	> 5 years	Total
Interest-bearing loans and borrowings	—	—	101.0	164.9	673.1	**939.0**
Lease liabilities	—	48.9	147.9	784.8	3,999.1	**4,980.7**
Derivative financial instruments	—	—	2.2	2.2	—	**4.4**
Trade and other payables	—	126.3	4.4	—	—	**130.7**
Total	**—**	**175.2**	**255.5**	**951.9**	**4,672.2**	**6,054.8**

	28 February 2019 (restated)[1]					
(£ million)	On demand	< 3 months	3–12 months	1–5 years	> 5 years	Total
Interest-bearing loans and borrowings	—	—	27.3	245.7	708.6	981.6
Lease liabilities	—	45.6	136.7	730.5	3,923.9	4,836.7
Derivative financial instruments	—	—	2.1	4.2	—	6.3
Other financial liabilities (restated)[1]	—	330.1	—	—	—	330.1
Trade and other payables	—	190.6	—	—	—	190.6
Total	**—**	**566.3**	**166.1**	**980.4**	**4,632.5**	**6,345.3**

(1) Restated to reflect the irrevocable commitment to purchase shares of £330.1 million.

7.3 Foreign currency risk

Foreign exchange exposure is currently not significant to the Group. Although some of the US Notes are denominated in US dollars, these have been swapped into sterling thereby eliminating foreign currency risk. Sensitivity analysis has therefore not been carried out.

The Group monitors the growth and risks associated with its overseas operations and will undertake hedging activities as and when they are required. It is Group policy to consider the use of hedging techniques to manage translation risk where more than 10% of the Group's net assets are denominated in foreign currencies. The Group has a net investment hedge of £450 million worth of euros relating to investment in its German subsidiary.

The Group has applied hedge accounting treatment under IFRS. All of the Group's hedges were highly effective as at the last testing date (27 February 2020).

7.4 Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. Interest rate swaps are used where necessary to maintain a mix of fixed and floating rate borrowings to manage this risk, in line with the Group treasury policy. Although some of the US Notes are US dollar denominated, cross-currency swaps mean that the interest rate risk is effectively sterling only. At 27 February 2020, £817.7 million (99%) of Group debt was fixed for an average of 5.3 years at an average interest rate of 3.5% (£819.8 million (99.9%) for 6.5 years at an average interest rate of 3.8% as at 28 February 2019).

In accordance with IFRS 7 Financial Instruments: Disclosures, the Group has undertaken sensitivity analysis on its financial instruments which are affected by changes in interest rates. This analysis has been prepared on the basis of a constant amount of net debt, a constant ratio of fixed to floating interest rates, and on the basis of the hedging instruments in place at 27 February 2020 and 28 February 2019 respectively. Consequently, the analysis relates to the situation at those dates and is not representative of the years then ended. The following assumptions were made:

- balance sheet sensitivity to interest rates applies only to derivative financial instruments, as the carrying value of debt and deposits does not change as interest rates move;
- gains or losses are recognised in equity or the consolidated income statement in line with the accounting policies set out in Note 2 to the 2020 Annual Financial Statements; and
- cash flow hedges were effective.

Based on the Group's net debt / cash position as at 27 February 2020, a 1% point change in interest rates would affect the Group's profit before tax by £5.0 million (28 February 2019 (restated): £34.0 million), and equity by £2.0 million (28 February 2019: £3.4 million).

7.5 Capital management

The Group's primary objective in regard to capital management is to ensure that it continues to operate as a going concern and has sufficient funds at its disposal to grow the business for the benefit of shareholders. The Group seeks to maintain a ratio of debt to equity that balances risks and returns and also complies with lending covenants. The Group aims to maintain sufficient funds for working capital and future investment in order to meet growth targets. The management of equity through share buy-backs and new issues is considered as part of the overall leverage framework balanced against the funding requirements of future growth. In addition, the Group may carry out a number of sale and leaseback transactions to provide further funding for growth.

The Group's financing and pension obligations are subject to the Debt and Pension Fund Financial Covenants. The Company has obtained an 18-month covenant waiver from the lenders under the Revolving Credit Facility and the holders of the 2011 US Notes and 2017 US Notes in respect of the Debt Financial Covenants. However, under the terms of this waiver, the Company is subject to the Waiver Period Financial Covenants until the Debt Covenant Compliance Date. The Company has also obtained a covenant waiver from the Trustee in respect of the Pension Fund Financial Covenant under which this covenant has been temporarily replaced by the Waiver Period Financial Covenant until the Pension Fund Covenant Compliance Date. See also section 10 (*Material Contracts*) in Part XII *(Additional Information)* for more information on the covenant waivers.

The above matters are considered at regular intervals and form part of the business planning and budgeting processes. In addition, the Board regularly reviews the Group's dividend policy and funding strategy.

8. SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Each of the Group's 2020 Annual Financial Statements, 2019 Annual Financial Statements and 2018 Annual Financial Statements has been prepared in accordance with IFRS. The preparation of these financial statements requires the Group to make various estimates and assumptions that affect the reported results. Such estimates or assumptions are based on the Group's historical experience and currently available information, including expectations of future events that it believes are reasonable under the circumstances. Actual results may differ significantly from such estimates and assumptions in light of the uncertainty surrounding the conditions upon which they are based. There are certain significant accounting policies determined on the basis of such estimates and assumptions for which changes during a financial period could involve a significant risk of material change in the carrying amount of assets and liabilities. A list of critical accounting judgments and key sources of estimate uncertainty is included in Note 2 to the 2020 Annual Financial Statements.

PART XI
TAXATION

PART A: UNITED KINGDOM TAXATION

1. General

The following statements do not constitute tax advice and are intended to apply only as a general guide to the position under current United Kingdom tax law and the published practice of HMRC as at the date of this document, either of which is subject to change at any time (possibly with retrospective effect). They relate only to certain limited aspects of the United Kingdom taxation treatment of Qualifying Shareholders and are intended to apply only to Qualifying Shareholders who are resident and (in the case of individuals) domiciled in (and only in) the United Kingdom for United Kingdom tax purposes (unless the context otherwise requires) and to whom split-year treatment does not apply, who hold their Ordinary Shares as investments (other than in an individual savings account, self-invested personal pension or as carried interest), and who are the absolute beneficial owners of their Ordinary Shares. They may not apply to certain classes of Qualifying Shareholders such as, for example, dealers in securities, trustees, insurance companies, collective investment schemes and Qualifying Shareholders who have (or who are deemed to have) acquired their Ordinary Shares by virtue of an office or employment.

Any person who is in any doubt as to its, his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult an appropriate professional tax adviser as soon as possible.

2. Taxation of chargeable gains

2.1 Rights Issue

(A) Issue of New Ordinary Shares

For the purposes of United Kingdom taxation of chargeable gains, the issue of New Ordinary Shares by the Company to Qualifying Shareholders who take up their rights under the Rights Issue should constitute a reorganisation of the Company's share capital. On that basis, a Qualifying Shareholder should not be treated as making a disposal of any part of its, his or her Existing Holding by reason of taking up all or part of its, his or her entitlement to acquire New Ordinary Shares under the Rights Issue. No liability to United Kingdom taxation on chargeable gains should arise in respect of the issue of New Ordinary Shares if a Qualifying Shareholder takes up its, his or her full entitlement to New Ordinary Shares. For the purposes of the taxation of chargeable gains, if a Qualifying Shareholder takes up all or any of its, his or her rights to the New Ordinary Shares, its, his or her Existing Ordinary Shares and its, his or her New Ordinary Shares should be treated as the same asset, acquired at the time he, she or it acquired its, his or her Existing Holding. The amount of subscription money paid for the New Ordinary Shares will be added to the base cost of its, his or her Existing Ordinary Shares when computing any gain or loss on any subsequent disposal.

(B) Disposal or lapse of rights to acquire New Ordinary Shares

If a Qualifying Shareholder:

(a) sells or otherwise disposes of all or some of its, his or her rights to subscribe for New Ordinary Shares; or

(b) allows or is deemed to allow all or any part of its, his or her rights to subscribe for New Ordinary Shares to lapse and receives a cash payment in respect of them,

the proceeds should generally be treated as a capital distribution to that Qualifying Shareholder by the Company, he, she or it shall be treated as if he, she or it had disposed of a part of its, his or her Existing Holding and he, she or it may, depending on its, his or her circumstances, incur a liability to taxation on any chargeable gains. However, if the proceeds resulting from a lapse or disposal of rights to subscribe for New Ordinary Shares are "small" as compared with the market value (on the date of lapse or disposal) of that Qualifying Shareholder's Existing Holding, such a Qualifying Shareholder should not generally be treated as making a disposal for the purposes of the taxation of chargeable gains. The proceeds will instead reduce the base cost of that Qualifying Shareholder's Existing Ordinary Shares used to compute any chargeable gain or allowable loss on a subsequent disposal.

This treatment will not apply where such proceeds are greater than the base cost of that Qualifying Shareholder's Existing Ordinary Shares.

The current practice of HMRC is to treat proceeds as "small" where either (i) the proceeds of the disposal or lapse of rights do not exceed 5% of the market value (at the date of the disposal or lapse) of the Existing Holding in respect of which the rights arose or (ii) the amount of the proceeds is £3,000 or less, regardless of whether the 5% test is satisfied. Whether proceeds are small needs to be considered on a case-by-case basis having regard to the circumstances of each case.

2.2 Subsequent disposals of New Ordinary Shares

(A) Individual Qualifying Shareholders

A disposal of New Ordinary Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of UK capital gains tax.

An individual Qualifying Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of his or her New Ordinary Shares, are less than or equal to the upper limit of the income tax basic rate band applicable to him or her in respect of that tax year (the "**Band Limit**") will generally be subject to capital gains tax at the flat rate of 10% in respect of any gain arising on a disposal or deemed disposal of his or her New Ordinary Shares.

An individual Qualifying Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of his or her New Ordinary Shares, are more than the Band Limit will generally be subject to capital gains tax at the flat rate of 10% in respect of any gain arising on a disposal or deemed disposal of his or her New Ordinary Shares (to the extent that, when added to the Qualifying Shareholder's other taxable gains and income in that tax year, the gain is less than or equal to the Band Limit) and at the flat rate of 20% in respect of the remainder.

No indexation allowance will be available to an individual Qualifying Shareholder in respect of any disposal of New Ordinary Shares. However, most individuals have an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2020–2021.

Individuals who are temporarily non-resident may, in certain circumstances, be subject to tax in respect of gains realised while they are not resident in the UK.

(B) Corporate Qualifying Shareholders

Where a Qualifying Shareholder is within the charge to UK corporation tax, a disposal of New Ordinary Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of corporation tax.

Corporation tax is charged on chargeable gains at the rate of corporation tax applicable to that company. It should be noted for the purposes of calculating any indexation allowance available on a disposal of New Ordinary Shares that generally the expenditure incurred in acquiring the New Ordinary Shares will be treated as incurred only when the Qualifying Shareholder made, or became liable to make, payment, and not at the time those shares are otherwise deemed to have been acquired. For disposals on or after 1 January 2018, indexation allowance will be calculated only up to and including December 2017, irrespective of the date of disposal of New Ordinary Shares.

3. Taxation of dividends

The Company is not required to withhold tax at source from dividend payments it makes.

3.1 Individual Qualifying Shareholders within the charge to UK income tax

(A) General

The general tax treatment of dividends paid by the Company to Qualifying Shareholders who are individuals is as follows:

- Dividends paid by the Company do not carry a tax credit.

- All dividends received by an individual Qualifying Shareholder from the Company (or from other sources) will, except to the extent that they are earned through an ISA, self-invested pension plan or other regime which exempts the dividends from tax, form part of that Qualifying Shareholder's total income for income tax purposes and will represent the highest part of that income.
- A nil rate of income tax applies to the first £2,000 of taxable dividend income received by an individual Qualifying Shareholder in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income.
- Any taxable dividend income received by an individual Qualifying Shareholder in a tax year in excess of the Nil Rate Amount is taxed at a special rate, as set out below.

(B) Dividend Income in excess of the Nil Rate Amount

Where an individual Qualifying Shareholder's taxable dividend income for a tax year exceeds the Nil Rate Amount, the excess amount (the "**Relevant Dividend Income**") will be subject to income tax:

- at the rate of 7.5%, to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of income tax;
- at the rate of 32.5%, to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1%, to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the Qualifying Shareholder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the Qualifying Shareholder's total income for income tax purposes.

3.2 Corporate Qualifying Shareholders within the charge to UK corporation tax

Qualifying Shareholders within the charge to corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends from the Company.

Other Qualifying Shareholders within the charge to corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. Dividends paid on non-redeemable shares that do not carry any present or future preferential rights to dividends or to the relevant company's assets on its winding up, and dividends paid to a person holding less than 10% of the issued share capital of the payer (or any class of that share capital), are examples of dividends that should fall within an exempt class.

4. Stamp duty and SDRT

4.1 Issue of New Ordinary Shares and issue or crediting of rights to New Ordinary Shares

No stamp duty or SDRT will generally be payable on the issue of Provisional Allotment Letters, split Provisional Allotment Letters or definitive share certificates, on the crediting of Nil Paid Rights or Fully Paid Rights to accounts in CREST, or on the issue in uncertificated form of New Ordinary Shares.

Where New Ordinary Shares represented by such documents or rights are registered in the name of the Qualifying Shareholder entitled to such shares, or where New Ordinary Shares are credited in uncertificated form to CREST, no liability to stamp duty or SDRT will generally arise.

Following the decision of the European Court of Justice in *HSBC Holdings and Vidacos Nominees (Case 569/07)* and the First-tier Tax Tribunal decision in *HSBC Holdings and The Bank of New York Mellon*, HMRC has confirmed that 1.5% SDRT is no longer payable when new shares are issued into a clearance service or depositary receipt service.

4.2 Purchase of rights to New Ordinary Shares

Persons who purchase (or are treated as purchasing) rights to New Ordinary Shares represented by Provisional Allotment Letters (whether nil paid or fully paid), or Nil Paid Rights or Fully Paid Rights

held in CREST, on or before the latest time for registration of renunciation, will not generally be liable to pay stamp duty. However, an unconditional agreement to transfer rights to New Ordinary Shares will be chargeable to SDRT. This is usually at the rate of 0.5% of the consideration. Where such a purchase is effected through a stockbroker or other financial intermediary, that person will normally account to HMRC for the SDRT and should indicate that this has been done in any contract note issued to the purchaser. Accountability for SDRT follows a strict hierarchy, so in other cases, the purchaser of the rights to the New Ordinary Shares represented by the Provisional Allotment Letters should be the accountable party and must therefore account for the SDRT to HMRC. Any SDRT arising on the transfer of Nil Paid Rights or Fully Paid Rights held in CREST should be collected and accounted for to HMRC by CREST.

No stamp duty or SDRT will be payable on the registration of Provisional Allotment Letters or split Provisional Allotment Letters, whether by the original holders or their renouncees.

4.3 Subsequent dealings in New Ordinary Shares

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), any subsequent dealings in New Ordinary Shares will be subject to stamp duty or SDRT in the normal way. Subject to an exemption for certain low value transactions, the transfer on sale of New Ordinary Shares effected outside CREST will generally be liable to stamp duty at the rate of 0.5% of the amount or value of the consideration payable (rounded up to the nearest multiple of £5) or, if an unconditional agreement to transfer New Ordinary Shares is not completed by a duly stamped transfer, or where the transfer is effected in CREST, SDRT at the rate of 0.5% of the amount or value of the consideration payable. In cases where New Ordinary Shares are transferred to a connected company (or its nominee), SDRT (or stamp duty) may be chargeable on the higher of (a) the amount or value of the consideration payable and (b) the market value of the New Ordinary Shares.

Where New Ordinary Shares are transferred (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5% of the amount or value of the consideration given or, in certain circumstances, the value of the New Ordinary Shares. There is an exception from the 1.5% charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5% of the amount or value of the consideration payable for the transfer will arise on any transfer of shares in the Company into such an account and on subsequent agreements to transfer such shares within such account. Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system. Specific professional advice should be sought before transferring shares to a person within (a) or (b) of this paragraph.

PART B: US TAXATION

1. US FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of US federal income tax considerations that are generally applicable to the receipt, exercise, expiration and disposition of Nil Paid Rights and the ownership and disposition of Fully Paid Rights received through the exercise of Nil Paid Rights (for the purposes of this Part B of this Part X only, together the "**Rights**") pursuant to the Rights Issue, as well as the ownership and disposition of New Ordinary Shares, in either case, by a US Holder (as defined below). This summary deals only with US Holders that receive Nil Paid Rights pursuant to the Rights Issue, Fully Paid Rights through exercise of Nil Paid Rights or New Ordinary Shares through the ownership of Fully Paid Rights and hold those Nil Paid Rights, Fully Paid Rights and New Ordinary Shares, in each case, as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (for the purposes of this Part B of this Part X only, the "**Code**"). The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the receipt, exercise, expiration or disposition of Rights or the ownership or disposition of New Ordinary Shares by particular investors in light of their individual investment circumstances. This summary also does not address tax considerations applicable to investors that own (directly or indirectly) 10% or more of the stock of the Company (by vote or value), nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under US federal income tax law (such as banks, financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, regulated investment companies or real estate investment trusts, tax-exempt organisations, brokers or dealers in securities or currencies or traders in securities that elect to use a mark-to-market method of accounting, investors that will hold the New Ordinary Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, US expatriates, investors whose functional currency is not US dollars, S corporations and persons holding Rights or New Ordinary Shares in connection with a permanent establishment or fixed base outside the United States). This summary does not address any tax consequences arising under any state, local or non-US tax laws, the Medicare tax on "net investment income" or the alternative minimum tax or any other US federal tax laws.

This summary is based on the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date of this document. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in US federal income tax consequences different from those discussed below. The Company has not requested, and will not request, a ruling from the United States Internal Revenue Service ("**IRS**") with respect to any of the US federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions the Company has reached and describe herein, or that such contrary position would not be sustained by a court.

For purposes of this discussion, a "**US Holder**" is a beneficial owner of Rights or New Ordinary Shares who is, for US federal income tax purposes: (1) an individual who is a citizen or resident of the United States; (2) a corporation or any other entity treated as a corporation that is organised in or under the laws of the United States, any state thereof or the District of Columbia; (3) a trust if all of the trust's substantial decisions are subject to the control of 1 or more US persons and the primary supervision of the trust is subject to a US court, or if a valid election is in effect with respect to the trust to be taxed as a US person; or (4) an estate the income of which is subject to US federal income taxation regardless of its source.

The US federal income tax treatment of a partner in a partnership (or owner of other business entity or arrangement treated as a partnership for US federal income tax purposes) that holds Rights or New Ordinary Shares will depend on the status of the partner and the activities of the partnership. Partnerships (and entities or arrangements that are treated as partnerships for US federal income tax purposes) and persons holding Rights or New Ordinary Shares through such partnerships should consult their tax advisers concerning the US federal income tax consequences to them and their partners of the receipt, ownership, exercise, expiration and disposition of Rights or New Ordinary Shares by the partnership.

The Company believes that the Company was not a passive foreign investment company ("**PFIC**") for US federal income tax purposes in its most recent previous taxable year and will not become a PFIC in its current taxable year or in the foreseeable future. The following discussion assumes that the

Company was not a PFIC for US federal income tax purposes in any previous taxable year and will not become a PFIC in its current taxable year.

THE SUMMARY OF US FEDERAL INCOME TAX CONSIDERATIONS SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL US HOLDERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE RECEIPT, OWNERSHIP, EXERCISE, EXPIRATION AND DISPOSITION OF THE RIGHTS OR NEW ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

2. TAXATION IN RESPECT OF RIGHTS

2.1 Receipt of Nil Paid Rights

Based on the particular facts relating to the Nil Paid Rights, the Company believes that the distribution of Nil Paid Rights should not be treated as a taxable stock dividend. However, the application of Section 305 of the Code to the Rights Issue is not clear in several respects, and it is possible that the IRS will take a contrary view. If, as a result of the Rights Issue, a Shareholder's proportionate interest in the earnings and profits or assets of the Company is increased while any other Shareholder (or deemed Shareholder) receives (or is deemed to receive) a distribution of cash or other property from the Company, the distribution of Nil Paid Rights pursuant to the Rights Issue could be treated as a taxable distribution to a US Holder in an amount equal to the value, if any, of such Nil Paid Right. There is a risk that a Shareholder who, in connection with the Rights Issue, receives net proceeds from the sale by the Underwriter of New Ordinary Shares at a premium over the Rights Issue Price could be treated as receiving cash from the Company rather than treated as having received the corresponding Nil Paid Rights and then selling either the Nil Paid Rights or the corresponding New Ordinary Shares. If some Shareholders were treated as receiving cash from the Company in connection with the Rights Issue, the receipt of Nil Paid Rights by others (to the extent it results in a proportionate increase in the assets or earnings and profits of the Company) could be treated as a taxable stock dividend. For further discussion of taxation of dividends, see "*3. Taxation in Respect of New Ordinary Shares—3.1. Dividends*" below. US Holders are strongly urged to consult their tax advisers regarding the risk of having a taxable distribution as a result of the receipt of a Nil Paid Right. The remainder of this discussion assumes that the receipt of the Nil Paid Rights will not be a taxable event for US federal income tax purposes.

2.2 Basis and holding period of Nil Paid Rights

If, on the date of distribution, the fair market value of Nil Paid Rights is less than 15% of the fair market value of the Existing Ordinary Shares with respect to which Nil Paid Rights are received, Nil Paid Rights will be allocated a zero tax basis unless the US Holder affirmatively elects to allocate a portion of such US Holder's adjusted tax basis in its Existing Ordinary Shares to the Nil Paid Rights in proportion to the relative fair market values of the US Holder's Existing Ordinary Shares and Nil Paid Rights received determined on the date of distribution. This election must be made in the US Holder's timely filed US federal income tax return for the taxable year in which Nil Paid Rights are received and is irrevocable. The election will apply to all of the Nil Paid Rights received by the US Holder pursuant to the Rights Issue. US Holders should consult their own tax advisers regarding the advisability of making such an election and the specific procedures for doing so.

If, on the date of distribution, the fair market value of Nil Paid Rights is 15% or more of the fair market value of the Existing Ordinary Shares with respect to which Nil Paid Rights are received, then, except as discussed below ("*2.4. Expiration of Nil Paid Rights*"), the US Holder's adjusted tax basis in its Existing Ordinary Shares must be allocated between the Existing Ordinary Shares and Nil Paid Rights received in proportion to their fair market values determined on the date of distribution.

A US Holder's holding period for Nil Paid Rights will include the US Holder's holding period in the underlying Existing Ordinary Shares with respect to which the Nil Paid Rights were distributed (whether or not basis is allocated to the Nil Paid Rights).

2.3 Sale or other taxable disposition of Nil Paid Rights

Upon a sale or other taxable disposition of Nil Paid Rights by a US Holder, a US Holder will generally recognise gain or loss equal to the difference, if any, between the amount of cash or other consideration received upon the disposition and the US Holder's adjusted tax basis in the Nil Paid Rights, each as determined in US dollars. Any gain or loss generally will be US source capital gain or loss and will be a long-term capital gain or loss if the US Holder's holding period in the Nil Paid Rights

exceeds one year. If the US Holder is not a corporation, long-term capital gains are generally eligible for reduced rates of taxation. The deductibility of capital losses may be subject to limitations.

The amount realised on a sale or other taxable disposition of the Nil Paid Rights for amounts paid in a currency other than US dollars will be the US dollar value of the payment received (as determined on the date of the disposition, in accordance with the US Holder's method of accounting). On the settlement date, a US Holder that uses the accrual method of accounting generally will recognise foreign currency exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the US dollar value of the amount received based on the exchange rates in effect on the date of disposition and the settlement date. However, in the case of a cash basis US Holders and, if the Nil Paid Rights were treated as traded on an established securities market in the case of an electing accrual basis US Holder, the amount realised will be based on the US dollar value of the foreign currency as determined by translating the amount paid at the spot rate of exchange on the settlement date of the sale. Such an election by an accrual basis US Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. It is unclear if this election will be available with respect to the sale of the Nil Paid Rights because it is uncertain whether an active trading market on an established securities market will develop for the Nil Paid Rights. Any currency gain or loss realised on the settlement date or on a subsequent conversion of a currency other than US dollars into US dollars will generally be US source ordinary income or loss.

2.4 Expiration of Nil Paid Rights

If a US Holder allows the Nil Paid Rights to expire without selling or exercising them, the US Holder will not recognise any loss upon the expiration of the Nil Paid Rights. Upon expiration, if the US Holder had previously allocated to the Nil Paid Rights a portion of the basis in the underlying Existing Ordinary Shares held by the US Holder, that basis will be reallocated to such Existing Ordinary Shares.

A US Holder that receives a payment from the Underwriters on account of the sale of New Ordinary Shares at a premium over the Rights Issue Price will be treated either as having sold the Nil Paid Rights (as described above) or as having exercised the Nil Paid Rights and having sold the New Ordinary Shares. A US Holder that is treated as having sold the New Ordinary Shares will recognise a short-term capital gain or loss as described below under "*3. Taxation in Respect of New Ordinary Shares—3.2 Sale of other taxable disposition*." A US Holder that receives amounts in respect of Nil Paid Rights not taken up should consult its own tax advisers about the US federal income tax treatment of those amounts.

2.5 Exercise of Nil Paid Rights

A US Holder will generally not recognise income upon the receipt of Fully Paid Rights pursuant to the exercise of Nil Paid Rights.

A US Holder that exercises Nil Paid Rights received in this Rights Issue within 30 days of disposing of the Existing Ordinary Shares with respect to which the Nil Paid Rights were received at a loss is urged to consult a tax adviser regarding the potential application of the "wash sale" rules under Section 1091 of the Code.

2.6 Basis and holding period of Fully Paid Rights

A US Holder's basis in the Fully Paid Rights will equal the sum of the US dollar value of the Rights Issue Price determined at the spot rate on the date of exercise (or, in the case of cash basis and, if the Fully Paid Rights are treated as traded on an established securities market, electing accrual basis taxpayers, the settlement date) and the US Holder's basis, if any, in the Nil Paid Rights exercised to obtain the Fully Paid Rights (as determined pursuant to the rules discussed above in "*2. Taxation in Respect of Rights—2.2. Basis and Holding Period of Nil Paid Rights*"). For a discussion of differing treatment of cash basis and electing accrual basis taxpayers, refer to the discussion above ("*2. Taxation in Respect of Rights—2.3. Sale or Other Taxable Disposition of Nil Paid Rights*").

A US Holder's holding period for Fully Paid Rights will begin with and include the date of exercise of the underlying Nil Paid Rights exercised to obtain the Fully Paid Rights.

2.7 Sale or other taxable disposal of Fully Paid Rights

Upon a sale or other taxable disposition of Fully Paid Rights, a US Holder will generally recognise capital gain or loss equal to the difference, if any, between the US dollar value of the amount cash or

other consideration received upon disposition (as determined on the date of the sale or other disposition, in accordance with the US Holder's method of accounting) and the US Holder's adjusted tax basis in the Fully Paid Rights. Any gain or loss is expected to be US source short-term capital gain or loss. Short-term capital gains of a US Holder are generally taxed at the same rates as ordinary income. The deductibility of capital losses may be subject to limitations. For the US federal income taxation of an amount realised in a currency other than US dollars from a sale or other disposition of the Fully Paid Rights, refer to the discussion above ("2. *Taxation in Respect of Rights—2.3. Sale or Other Taxable Disposition of Nil Paid Rights*").

2.8 Receipt of New Ordinary Shares

A US Holder should not recognise gain or loss on the receipt of New Ordinary Shares upon exercise of such holder's Fully Paid Rights. A US Holder's basis, if any, in New Ordinary Shares received through the exercise of Fully Paid Rights will equal the US Holder's basis in the Fully Paid Rights with respect to which the New Ordinary Shares were issued (as determined pursuant to the rules discussed above in "*2. Taxation in Respect of Rights—2.2. Basis and Holding Period of Nil Paid Rights*").

A US Holder's holding period for the New Ordinary Shares received will not include the US Holder's corresponding holding period for its Nil Paid Right. The holding period of the New Ordinary Shares received will, however, include the US Holder's holding period in the corresponding Fully Paid Right.

3. TAXATION IN RESPECT OF NEW ORDINARY SHARES

3.1 Dividends

Subject to the discussion of the PFIC rules below, distributions paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes) will generally be taxable to a US Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the New Ordinary Shares and thereafter as capital gain. However, the Company does not maintain and does not intend to maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution made by the Company to such US Holder will be reported as a dividend. A dividend distribution will generally be treated as foreign source "passive" income for US foreign tax credit purposes. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

With respect to individuals and certain other non-corporate US Holders, dividends will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that: (1) the Company is eligible for benefits of the income tax treaty between the United States and the United Kingdom (which the Company believes to be the case); (2) the Company is not a PFIC with respect to the US Holder for either the taxable year in which the dividend is paid or the preceding taxable year; (3) certain holding period requirements are met; and (4) the US Holder is not under an obligation to make a related payment with respect to positions in substantially similar or related property.

Dividends paid in a currency other than US dollars will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder (determined in accordance with the US Holder's method of accounting), regardless of whether the foreign currency dividends are converted into US dollars at that time. If dividends received in a currency other than US dollars are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. If instead the foreign currency is converted at a later date, any currency gains or losses resulting from the conversion of the foreign currency will be treated as US source ordinary income or loss.

3.2 Sale or other taxable disposition

A US Holder's tax basis in a New Ordinary Share will generally be the US dollar cost of a Fully Paid Right as described above in paragraph 2(I) above ("*2. Taxation in Respect of Rights—2.8. Receipt of New Ordinary Shares*").

Subject to the discussion of the PFIC rules below, a US Holder generally will recognise capital gain or loss on a sale or other taxable disposition of New Ordinary Shares equal to the difference, if any,

between the amount of cash plus the fair market value of other consideration received on the sale or other taxable disposition and the US Holder's adjusted tax basis in the New Ordinary Shares, in each case as determined in US dollars. This capital gain or loss generally will be long-term capital gain or loss if the US Holder's holding period in the New Ordinary Shares exceeds 1 year. However, regardless of a US Holder's actual holding period, any loss must be long-term capital loss to the extent the US Holder receives a dividend (or, in some cases, multiple dividends that are aggregated under special rules) that qualifies for the reduced rate described above under "Taxation in Respect of New Ordinary Shares-Dividends", and such dividend(s) exceeds 10% of the US Holder's basis in (or, in certain cases, the fair market value of) its New Ordinary Shares. If the US Holder is not a corporation, long-term capital gains for taxable dispositions of New Ordinary Shares are generally eligible for reduced rates of taxation. Any capital gain or loss will generally be US source gain or loss for US foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

The amount realised on a sale or other taxable disposition of New Ordinary Shares for an amount in a currency other than US dollars will be the US dollar value of the payment received (as determined on the date of the disposition, in accordance with the US Holder's method of accounting). On the settlement date, the US Holder that uses the accrual method of accounting generally will recognise foreign currency exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the US dollar value of the amount received based on the exchange rates in effect on the date of disposition and the settlement date. However, in the case of a cash basis US Holders and, if the New Ordinary Shares were treated as traded on an established securities market in the case of an electing accrual basis US Holder, the amount realised will be based on the US dollar value of the foreign currency as determined by translating the amount paid at the spot rate of exchange on the settlement date of the sale. Such an election by an accrual basis US Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Any currency gain or loss realised on the settlement date or on a subsequent conversion of a currency other than US dollars into US dollars will generally be US source ordinary income or loss.

4. PASSIVE FOREIGN INVESTMENT COMPANY CONSIDERATIONS

The Company believes that it was not a PFIC for US federal income tax purposes in its previous taxable year and does not expect to become a PFIC in its current taxable year or in the foreseeable future. A non-US corporation is a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules", either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average value of its assets is attributable to assets that produce passive income or are held for the production of passive income. The determination of PFIC status must be made annually, is fact specific and may be affected by changes in the Company's activities, revenue and assets subsequent to the Rights Issue, and there can be no assurance in this regard. Accordingly, it is possible that the Company may become a PFIC in the current taxable year or in future years. If the Company were to be treated as a PFIC for any taxable year when a US Holder owns or owned the New Ordinary Shares, materially adverse consequences could result to such US Holders for that year and all future years during which such US Holder retains such shares, regardless of whether the Company continues to meet the PFIC test.

5. INFORMATION REPORTING AND BACKUP WITHHOLDING

Distributions of dividends on New Ordinary Shares and proceeds with respect to the sale or other taxable disposition of Rights or New Ordinary Shares paid by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations unless the holder establishes a basis for exemption. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain US Holders are not subject to backup withholding. Any amount withheld may be credited against the holder's US federal income tax liability subject to certain rules and limitations. US Holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of Rights or New Ordinary Shares, including requirements related to the holding of certain "specified foreign financial assets".

PART XII
ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors, whose names appear on page 45 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

2. INCORPORATION AND ACTIVITY OF THE COMPANY

The Company was incorporated and registered in England and Wales under the Companies Act as a public company limited by shares on 1 December 2000 under the name Whitbread Holdings Plc, with registered number 04120344. The legal entity identifier of the Company is 21380099VMZKRMN3EX36. The principal activity of the Company is to act as the ultimate holding company of the Group.

The Company is domiciled in England and Wales with its registered and head office at Whitbread Court, Houghton Hall Business Park, Porz Avenue Dunstable, Bedfordshire, LU5 5XE, United Kingdom. The telephone number of the Company's registered office is +44 (0)20 7806 5480.

3. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the share capital of the Company was £112,937,978, comprised of one hundred and fifty million, eight hundred and fifty eight thousand, one hundred and sixty (150,858,160) shares issued in three classes:

(A) one hundred and forty seven million, nine thousand, five hundred and fifty one (147,009,551) Existing Ordinary Shares of 76 $^{122}/_{153}$ pence each;

(B) one million, nine hundred and seventy two thousand, seven hundred and eighty eight (1,972,788) B Shares of 1p each; and

(C) one million, eight hundred and seventy five thousand, eight hundred and twenty one (1,875,821) C Shares of 1p each,

all of which were fully paid or credited as fully paid. The Existing Ordinary Shares are listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities.

As at the Latest Practicable Date, the Company held 12,454,718 Existing Ordinary Shares in treasury.

The issued and fully paid share capital of the Company immediately following completion of the Rights Issue, assuming that the maximum number of New Ordinary Shares is issued and that no Ordinary Shares are issued as a result of the exercise of any options between the Latest Practicable Date and the completion of the Rights Issue, is expected to be as follows:

	Number	Aggregate nominal value (£)
Ordinary Shares	214,286,967	164,566,788
B Shares	1,972,788	19,728
C Shares	1,875,821	18,758

The Company remains subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash, and the provisions of section 561 of the Companies Act (which confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the issue of Ordinary Shares by the Company which are not within a disapplication approved by Shareholders in a general meeting of the Company.

Pursuant to the Rights Issue, 67,277,416 New Ordinary Shares will be issued at a price of 1,500 pence per New Ordinary Share. This will result in the issued Ordinary Share capital of the Company (including Ordinary Shares held in treasury) increasing by approximately 45.8%. Qualifying Shareholders who take up their pro rata entitlement in full will suffer no dilution to their interests in the Company as a result of the Rights Issue. Shareholders who do not or are not permitted to take up any of their rights to acquire the New Ordinary Shares 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).

The New Ordinary Shares which are the subject of the Rights Issue will be provisionally allotted (nil paid) to all Shareholders on the register at close of business on the Record Date by a resolution of a committee of the Board and created in accordance with the laws of England and Wales.

On Admission, the New Ordinary Shares will be registered with an ISIN of GB00B1KJJ408 and a SEDOL of B1KJJ40. The ISIN for the Nil Paid Rights will be GB00BMT7VN51 and the SEDOL will be BMT7VN5. The ISIN for the Fully Paid Rights will be GB00BMT7VP75 and the SEDOL will be BMT7VP7.

4. INFORMATION ABOUT THE NEW ORDINARY SHARES

4.1 Description and type of securities

The New Ordinary Shares will be fully paid ordinary shares with a nominal value of 76 $^{122}/_{153}$ pence each. On Admission, the New Ordinary Shares will be registered with an ISIN of GB00B1KJJ408 and a SEDOL of B1KJJ40. The New Ordinary Shares will be traded on the main market for listed securities of the London Stock Exchange under the ticker symbol "WTB". It is expected that Admission of Nil Paid Rights will become effective and that dealings on the London Stock Exchange in the New Ordinary Shares (nil paid) will commence at 8.00 a.m. on 26 May 2020.

The New Ordinary Shares will be issued under the Companies Act.

On Admission, the number of New Ordinary Shares in issue will be 67,277,416. The New Ordinary Shares will be freely transferable and there will be no restrictions on the transfer of New Ordinary Shares in the United Kingdom.

All New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Ordinary Shares. The New Ordinary Shares do not carry any rights to participate in a distribution of capital (including on a winding-up) other than those that exist as a matter of law.

On a show of hands at general meetings of the Company, every Shareholder who is present in person and every person holding a valid proxy shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per New Ordinary Share.

As noted above, the Company also has B Shares and C Shares in issue. These represent less than 0.05% of the Company's total share capital. In a distribution of capital (including on a winding-up): (i) the holders of B Shares are entitled to payment of 155 pence per B Share in priority to any payment to holders of C Shares and Ordinary Shares; and (ii) the holders of C Shares are entitled to payment of 159 pence per C Share in priority to any payment to holders of Ordinary Shares.

4.2 Form and currency of the New Ordinary Shares

The New Ordinary Shares will be in registered form and will be capable of being held in certificated and uncertificated form. The Registrar of the Company is Link Asset Services.

The New Ordinary Shares are, and on Admission will be, denominated in pounds sterling.

Title to the certificated New Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Ordinary Shares will be evidenced by entry in the operator register maintained by Link Asset Services (which will form part of the register of members of the Company).

No share certificates will be issued in respect of New Ordinary Shares in uncertificated form. No temporary documents of title have been or will be issued in respect of the New Ordinary Shares.

It is currently anticipated that the New Ordinary Shares will be eligible to join CREST, the computerised, paperless system for settlement of sales and purchases of shares in the London securities market, with effect immediately upon Admission of Nil Paid Rights and the commencement of dealings on the London Stock Exchange.

5. EXISTING SHAREHOLDER AUTHORITIES

The following resolutions were passed by Shareholders at the 2019 Annual General Meeting:

(1) That the Board be generally and unconditionally authorised in accordance with section 551 of the Companies Act to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

(a) up to a nominal amount of £44,506,224 (such amount to be reduced by any allotments or grants made under paragraph (b) below in excess of such sum); and

(b) comprising equity securities (as defined in the Companies Act) up to a nominal amount of £89,012,448 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with an offer by way of a rights issue:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to the holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authority to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 18 September 2020) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

(2) That, if the resolution described in paragraph (1) above is passed, the Board be given power to allot equity securities (as defined in the Companies Act) for cash under the authority given by the resolution described in paragraph (1) above and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to be limited:

(a) to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of the resolution described in paragraph (1) above, by way of rights issue only:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(b) in the case of the authority granted under paragraph (a) of the resolution described in paragraph (1) above and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £6,675,934,

such power to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 18 September 2020) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

(3) That, if the resolution described in paragraph (1) above is passed, the Board be given the power in addition to any power granted under the resolution described in paragraph (2) above to allot equity securities (as defined in the Companies Act) for cash under the authority granted under paragraph (a) of the resolution described in paragraph (1) above and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to be:

(a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £6,675,934; and

(b) used only for the purposes of financing a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of the 2019 Annual General Meeting or for the purpose of refinancing such a transaction within six months of its taking place,

such power to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 18 September 2020) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

6. MAJOR SHAREHOLDERS

As at the Latest Practicable Date, the Company had been notified in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules of the following interests in its issued share capital:

Name of shareholder	Percentage of total voting rights
Longview Partners	8.59%
Blackrock	7.35%
Schroder Investment Management	6.89%
MFS Investment Management	4.40%
Invesco	3.85%
Vulcan Value Partners	3.78%
Vanguard Group	3.69%
Legal & General Investment Management	3.21%
Kensico Capital Management	3.06%

None of the Company's major shareholders has different voting rights from any other holder of Ordinary Shares.

7. DIRECTORS AND SENIOR MANAGEMENT

7.1 Directors

The Directors and their principal functions within the Company, together with a brief description of their management experience and expertise and principal business activities outside the Company, are set out below. The business address of each of the Directors (in such capacity) is Whitbread Court, Houghton Hall Business Park, Porz Avenue Dunstable, Bedfordshire, LU5 5XE, United Kingdom.

Name	Position
Adam Crozier	Chairman
Alison Brittain	Chief Executive
Nicholas Cadbury	Group Finance Director
Louise Smalley	Group HR Director
Richard Gillingwater	Senior Independent Director
David Atkins	Independent Non-Executive Director
Horst Baier	Independent Non-Executive Director
Frank Fiskers	Independent Non-Executive Director
Chris Kennedy	Independent Non-Executive Director
Deanna Oppenheimer	Independent Non-Executive Director
Susan Taylor Martin	Independent Non-Executive Director

(A) Adam Crozier

Adam joined Whitbread in April 2017. Adam was Chief Executive of ITV plc from 2010 to 2017. Prior to that, Adam was Joint Chief Executive of Saatchi & Saatchi, Chief Executive of the Football Association and then the Royal Mail Group. From 2017 to March 2020, Adam was Chairman of Vue International, a multi-national cinema company.

(B) Alison Brittain

Alison joined Whitbread in 2015 from Lloyds Banking Group, where she was Group Director of the Retail Division, with responsibility for the Lloyds, Halifax and Bank of Scotland retail branch networks, remote and intermediary channels and products, in addition to the Retail Business Banking and UK Wealth businesses. Prior to joining Lloyds Bank, Alison was Executive Director at Santander UK plc. She previously held senior roles at Barclays Bank. Alison was named Business Woman of the Year 2017 in the Veuve Cliquot awards and was awarded a CBE in the 2019 New Year Honours list.

(C) Nicholas Cadbury

Nicholas joined Whitbread in November 2012 as Group Finance Director. He previously worked at Dixons Retail plc, in a variety of management roles, including Chief Financial Officer from 2008 to 2011. Nicholas also held the position of Chief Financial Officer of Premier Farnell plc, which he joined in 2011. Nicholas originally qualified as an accountant with Price Waterhouse.

(D) Louise Smalley

Louise joined Whitbread in 1995 and has held the position of Group HR Director since 2007. During her time at Whitbread, Louise has held a variety of HR roles across the Whitbread businesses, including HR Director of David Lloyd Leisure Ltd and Whitbread Hotels and Restaurants. She previously worked in the oil industry, with BP and Esso Petroleum.

(E) Richard Gillingwater

Richard joined Whitbread in June 2018. Richard is Chairman of both Janus Henderson plc and SSE plc, and serves as a governor to the Wellcome Trust. Richard is a highly experienced executive and has spent much of his career in corporate finance and investment banking with Kleinwort Benson, BZW and Credit Suisse First Boston. He then moved out of banking and became Chief Executive of the Shareholder Executive, and then Dean of Cass Business School.

(F) David Atkins

David joined Whitbread in January 2017. He is Chief Executive of Hammerson plc. His past experience includes Chairman and Executive Board member of the European Public Real Estate Association (EPRA) and President and committee member of Revo (formerly BCSC).

(G) Horst Baier

Horst is a highly experienced executive with more than 20 years' background in the leisure industry. He joined Whitbread in November 2019. Horst spent eight years as the Chief Financial Officer of TUI AG, the London-listed Anglo-German leisure travel group, until September 2018. During his time as Board Member of TUI AG, Horst played an important role in TUI's transformation from a tour operator to a global provider of holidays operating 380 leisure hotels and 17 cruise ships.

(H) Frank Fiskers

Frank is a highly experienced executive with a solid background in the global hospitality industry. Frank joined Whitbread in January 2019. He has held senior roles with the Radisson Hotel Group, Hilton Hotels Worldwide and was CEO of Scandic Hotels for eight years, taking the company public in 2015.

(I) Chris Kennedy

Chris joined Whitbread in March 2016. Chris is Chief Financial Officer of ITV plc, which he joined in February 2019. Previously, Chris held roles with Micro Focus International plc, ARM Holdings plc, and EasyJet plc. Chris has spent 17 years in a variety of senior roles at EMI.

(J) Deanna Oppenheimer

Deanna joined Whitbread in January 2017. Deanna has spent over 25 years in a number of senior roles in banking at both Barclays Bank plc and Washington Mutual Inc., where she ran retail banking across leading national branch franchises in the UK and US. Since 2012, through her family's hospitality business, she invests in boutique hotels in the western US.

(K) Susan Taylor Martin

Susan joined Whitbread in January 2012. She is the former President of Thomson Reuters Legal. Susan has held a number of roles at Thomson Reuters, including Managing Director Legal UK and Ireland, President Thomson Reuters Media and President Global Investment Focus Accounts. Prior to this she was Global Head of Corporate Strategy at Reuters, which she joined in 1993.

7.2 Senior Managers

The Senior Managers, in addition to the Executive Directors listed above, are as follows:

Name	Position
Chris Vaughan	General Counsel
Simon Jones	Managing Director, Premier Inn and Restaurants UK
Mark Anderson	Managing Director, Property and International
Nigel Jones	Group Transformation Director
Phil Birbeck	Managing Director, Restaurants
Simon Ewins	Managing Director, Premier Inn

(A) Chris Vaughan

Chris held the position of General Counsel and Chief Corporate Officer at Balfour Beatty plc from 2007 to 2015. Prior to this, he held senior legal positions at SABMiller plc and Six Continents plc (now InterContinental Hotels Group). Chris originally qualified as a solicitor at Freshfields law firm. He has been General Counsel since joining Whitbread at the end of 2015.

(B) Simon Jones

Simon became Managing Director of Premier Inn and Restaurants UK in September 2016. He previously held a number of senior roles within the organisation including Managing Director and Marketing & Strategy Director, both for Premier Inn UK. Prior to joining Whitbread in 2012, Simon worked as a strategy consultant for 12 years, latterly as a Partner at OC&C Strategy Consultants, where he advised a broad range of clients with a particular focus on retail and hospitality, including Whitbread's Restaurant business. Simon studied Geography at Oxford University as an undergraduate.

(C) Mark Anderson

Mark Anderson joined Whitbread in January 2006 and was appointed to his current role in September 2016. Mark is responsible for the acquisition, development and management of Whitbread's property portfolio. In addition, he leads Whitbread's International business for Premier Inn, overseeing development and operations in Germany and the Middle East. Before joining Whitbread, Mark spent 16 years at J Sainsbury plc in a variety of senior positions, finally managing all aspects of the property estate. Mark is a Fellow of the Royal Institute of Chartered Surveyors and holds an MBA from Henley Business School.

(D) Nigel Jones

Nigel is responsible for managing Whitbread's supply chain, including procurement of all goods and services for the Group and product logistics. Before joining Whitbread, Nigel spent 27 years at Tesco in a variety of senior positions across Stores, Technology, Supply Chain, Procurement and finally managing all aspects of International Operations and leading the Tesco/Booker merger programme.

(E) Phil Birbeck

Phil joined Whitbread in 2015 as Managing Director for Whitbread Restaurants, with responsibility for the Food and Beverage services across all formats, as well as the branded estate. He also represents Whitbread as a minority shareholder on the board of Healthy Retail Ltd (Pure). Prior to Whitbread, Phil worked at Dixons Retail plc for several years. During his time at Dixons, he progressed through various store operations roles to become Operations Director for PC World, before moving into general management positions. These included Managing Director of PC City in Spain, MD for DSG Business and PDG for Pixmania Group, Dixons' pan-European ecommerce platform.

(F) Simon Ewins

Simon is responsible for the Premier Inn business in the UK and Ireland. He has worked for Whitbread in senior executive roles for nearly 15 years. Prior to joining Whitbread, he spent time in other large scale hospitality companies and Private Equity. Simon has spent nearly 30 years working in the hospitality industry.

7.3 Directorships and partnerships outside the Group

The details of those companies and partnerships outside the Group of which the Directors and Senior Managers are currently directors or partners, or have been directors or partners at any time during the five (5) years prior to the publication of this document, are as follows:

Name	Current directorships and partnerships	Previous directorships and partnership
Directors		
Adam Crozier	ASOS PLC Kantar Group Limited Sony Corporation Great Ormond Street Hospital Discovery Appeal	Vue International Ltd Stage Entertainment BV ITV PLC ITV Services Limited Carlton Communications Limited ITV Broadcasting Limited ITV Breakfast Broadcasting Limited ITV Studios Limited ITV Investments Limited Creative Diversity Network Limited G4S PLC
Alison Brittain	Marks and Spencer Group PLC Prince Council's Trust	—
Nicholas Cadbury	Land Securities Group PLC	—
Louise Smalley	DS Smith PLC	—
Richard Gillingwater	Janus Henderson Group PLC SSE PLC The Wellcome Trust Limited	Wm Morrison Supermarkets PLC Henderson Group Holdings Asset Management Limited Helical PLC Cass Entrepreneurship Fund LLP The Open University
David Atkins	Hammerson PLC Hammerson UK Properties PLC Hammerson Group Limited Hammerson Group Management Limited Hammerson International Holdings Limited Hammerson Employee Share Plan Trustees Limited Hammerson Share Option Scheme Trustees Limited Value Retail PLC Berkhamsted Schools Group Reading Real Estate Foundation British Property Federation	Retail Evolution (REVO) British Council of Shopping Centre European Public Real Estate Association

Name	Current directorships and partnerships	Previous directorships and partnership
Horst Baier	Bayer AG TUI Foundation Diakovere gGmbH Ecclesia Holding GmbH	TUI AG TUI Deutschland GmbH RIUSA II S.A. Sunwing Travel Group, Inc TUI Canada Holdings, Inc.
Frank Fiskers	Shurgard Self Storage SA RAK Hospitality Holding LLC RAK National Hotels LLC	Scandic Hotels Group AB
Chris Kennedy	ITV PLC ITV Broadcasting Limited ITV Service Limited ITV Studios Limited The Addressable Platform Limited EMI Archive Trust Great Ormond Street Hospital Trust	Easy Jet Aircraft Company Limited G B Airways Limited Micro Focus International PLC Micro Focus (IP) Holdings Limited Longsand Limited Micro Focus IP Development Limited Micro Focus Software (IP) Holdings Limited ARM Holdings PLC ARM PIPD Holdings Two, LLC ARM PIPD Holdings One, LLC ARM Limited SVF Holdco (UK) Limited Retina Finance UK Three Limited ARM Technology Investments Limited ARM IP Limited Retina Finance UK Limited Retina Finance UK Two Limited ARM Finance Overseas Limited ARM UK Holdings Limited ARM ASIA Investment G.P. Limited EasyJet Airline Company Limited EasyJet PLC Easy Jet Leasing Limited Easy Jet Sterling Limited
Deanna Oppenheimer	Hargreaves Lansdown PLC Tesco PLC CameoWorks, LLC Boardready.io Joshua Green Corporation	AXA SA Tesco Personal Finance Group PLC Tesco Personal Finance PLC Worldpay Group Limited NCR Corporation
Susan Taylor Martin	—	Thomson Reuters Corporation Thomson Reuters Foundation The Powerlist Foundation
Senior Managers		
Chris Vaughan	—	Healthy Retail Limited
Simon Jones	Healthy Retail Ltd Hospitality Action	—
Mark Anderson	Tourism for All UK	—
Nigel Jones	—	—
Phil Birbeck	Healthy Retail Ltd	—
Simon Ewins	—	—

7.4 Conflicts of interest

Save for their capacities as persons legally and beneficially interested in Ordinary Shares, there are:

(A) no actual or potential conflicts of interest between the duties owed by the Directors or the Senior Managers to the Company and their private interests and/or other duties that they may also have; and

(B) no arrangements or understandings with major Shareholders, customers, suppliers or others, pursuant to which any Director or Senior Manager was selected.

Each of the Directors has a statutory duty under the Companies Act to avoid conflicts of interests with the Company and to disclose the nature and extent of any such interest to the Board. Under the Articles of Association and, as permitted by the Companies Act, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest and may attach to any such authorisation such conditions and/ or restrictions as the Board deems appropriate (including in respect of the receipt of information or restrictions on participation at certain Board meetings), in accordance with the Articles of Association.

7.5 Directors' and Senior Managers' confirmations

(A) As at the date of this document, no Director or Senior Manager has during the last five (5) years:

(i) had any convictions in relation to fraudulent offences;

(ii) been associated with any bankruptcy, receivership, liquidation or companies put into administration while acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager of any company;

(iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or

(iv) been disqualified by a court from acting as a member of the administrative, management or supervisory body of a company or from acting in the management or conduct of the affairs of any company.

(B) No Director or Senior Manager was selected to act in such capacity pursuant to any arrangement or understanding with any shareholder, consumer, supplier or any other person having a business connection with the Group.

(C) There are no family relationships between any of the Directors and/or the Senior Managers.

(D) There are no outstanding loans or guarantees granted or provided by any member of the Group for the benefit of any of the Directors or Senior Managers.

8. FRUSTRATING ACTIONS

The Company is subject to the City Code. Other than as provided by the City Code and Chapter 3 of Part 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Ordinary Shares.

9. RELATED PARTY TRANSACTIONS

No member of the Group entered into any related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) between 27 February 2020 and the Latest Practicable Date.

10. MATERIAL CONTRACTS

The contracts listed below have been entered into by the Company or another member of the Group: (i) within the two years immediately preceding publication of this document which are material to the Company or any member of the Group, or (ii) at any time and contain any provision under which the Company or any member of the Group has any obligation or entitlement which is material to the Company or any member of the Group as at the date of this document, in each case not including contracts entered into in the ordinary course of business.

10.1 Underwriting Agreement

On 21 May 2020, the Company and the Underwriters entered into the Underwriting Agreement pursuant to which the Company has appointed J.P. Morgan Cazenove and Morgan Stanley as Joint Sponsors and Underwriters in connection with the Rights Issue and Admission.

Subject to the terms and conditions of the Underwriting Agreement, the Underwriters (as agents of the Company) have severally (each in accordance with their due proportion, being, in the case of J.P. Morgan Cazenove 50% and in the case of Morgan Stanley 50% (the "**Due Proportion**")) agreed to use reasonable endeavours to procure acquirers for the New Ordinary Shares which are not taken

up under the Rights Issue (or, at their discretion, for as many as can be so procured) as soon as reasonably practicable and in any event by no later than 4.30 p.m. on the second dealing day after the last date for acceptances under the Rights Issue, if an amount which is not less than the total of the Rights Issue Price multiplied by the number of such New Ordinary Shares for which acquirers are so procured plus the expenses of procurement (including any applicable brokerage and commissions and amounts in respect of VAT which are not recoverable) can be obtained.

If and to the extent that the Underwriters are unable to procure acquirers on the basis outlined in the previous paragraph, the Underwriters (each in their Due Proportion) have agreed to acquire (or procure acquirers for), on a several basis, any remaining New Ordinary Shares at the Rights Issue Price.

In consideration for their services under the Underwriting Agreement, and subject to their obligations under the Underwriting Agreement having become unconditional and the Underwriting Agreement not having been terminated, the Underwriters will be paid an underwriting fee of 2.2% of the gross proceeds of the Rights Issue (the "**Underwriting Fee**") and a sponsor fee of £400,000 per Underwriter (the "**Sponsor Fee**"). In addition to the Underwriting Fee and the Sponsor Fee payable to the Underwriters, the Company may, in its absolute discretion, pay to the Underwriters, a discretionary fee of up to 0.2% of the gross proceeds of the Rights Issue (plus an additional amount in respect of any applicable VAT) (the "**Discretionary Fee**", and with the Underwriting Fee and Sponsor Fee, together the "**Commission**"). The Commission (plus an additional amount in respect of any applicable VAT) is payable whether or not the Underwriters are called upon to acquire or procure acquirers for any New Ordinary Shares under the Underwriting Agreement, as described above.

Out of the Commission, the Underwriters will pay or procure the payment of sub-underwriting commissions payable to such persons (if any) as the Underwriters may procure to acquire New Ordinary Shares. The Company has also agreed, regardless of whether the Underwriters' obligations under the Underwriting Agreement become unconditional or the Underwriting Agreement is terminated, that the Company shall pay all properly and reasonably incurred costs and expenses of, or in connection with, the Rights Issue, the allotment and issue and delivery of the New Ordinary Shares, the Underwriting Agreement and the Receiving Agent Agreement (subject to certain caps).

The obligations of the Underwriters under the Underwriting Agreement are subject to certain conditions including, among others:

(A) Admission of Nil Paid Rights occurring not later than 8.00 a.m. on the second dealing day after the date of the Underwriting Agreement or such later time and/or date as the parties to the Underwriting Agreement each acting in good faith may agree;

(B) the Company having complied in all material respects with all of its undertakings, covenants and obligations under the Underwriting Agreement and under the terms or conditions of the Rights Issue which fall to be performed or satisfied prior to Admission of Nil Paid Rights;

(C) the representations and warranties given by the Company in the Underwriting Agreement being true and accurate in all material respects and not misleading on the dates on which they are given or repeated;

(D) no event referred to in Article 23 of the Prospectus Regulation arising between the time of publication of this document and Admission of Nil Paid Rights which gives rise to the obligation to publish a supplementary prospectus before Admission of Nil Paid Rights which in the opinion of the Underwriters (acting jointly and in good faith) is materially adverse in the context of the Group as a whole and/or the Rights Issue; and

(E) in the reasonable opinion of the Underwriters (acting jointly and in good faith), there having been no material adverse change occurring between the date of the Underwriting Agreement and Admission of Nil Paid Rights.

If any of the conditions is not satisfied (unless waived by the Underwriters in their absolute discretion in accordance with the Underwriting Agreement), or becomes incapable of being satisfied, by the required time and date then, save for certain exceptions, the parties' obligations under the Underwriting Agreement (including the Underwriters' obligations to procure acquirers for New Ordinary Shares and the Underwriters' obligations to acquire any remaining New Ordinary Shares, as described in the second and third paragraphs of this section 10.1 (*Underwriting Agreement*) of this Part XII (*Additional Information*)) shall cease and terminate, without prejudice to any liability for any prior breach of the Underwriting Agreement. The Underwriters' obligations under the Underwriting

Agreement will not be capable of cessation, determination, termination or rescission at any time after Admission of Nil Paid Rights has occurred.

In addition, the Underwriters, acting jointly and for themselves and the other Underwriters, are entitled, in their absolute discretion to terminate the Underwriting Agreement prior to Admission of Nil Paid Rights in certain circumstances, including for breach on the part of the Company of the representations and warranties contained in the Underwriting Agreement, where such breach is material in the context of the Group taken as a whole and/or the Rights Issue, where in the reasonable opinion of the Underwriters (acting jointly and in good faith), there has been a material adverse change between the date of the Underwriting Agreement and Admission of Nil Paid Rights and the occurrence of certain other matters or force majeure-style events which are material and the effect of which are to make it impracticable or inadvisable (in the reasonable judgement of the Underwriters (acting jointly and in good faith)) to market the New Ordinary Shares or to enforce contracts for sale of the New Ordinary Shares or which is likely to materially prejudice the success of the Rights Issue, but only at any time on or prior to Admission of Nil Paid Rights. For the avoidance of doubt, the Underwriters are not entitled to exercise any right of termination, and no right of termination applies, once Admission of Nil Paid Rights has occurred.

The Company has given certain representations, warranties and undertakings to the Underwriters, and certain indemnities to the Underwriters and to certain persons connected with them. The liabilities of the Company thereunder are unlimited as to time and amount. The Company has also undertaken that it will not (and procure that no member of the Group will not), at any time prior to the date which is 180 days after the settlement date:

(A) undertake any consolidation or subdivision of its share capital or any capitalisation issue;

(B) allot, issue, offer, lend, mortgage, assign, charge, pledge, sell, contract to sell, allot or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any rights in respect of Ordinary Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares (except for (i) the issue by the Company of the New Ordinary Shares or (ii) the grant of options or rights under, and the allotment and issue of Ordinary Shares pursuant to options or grants granted under, the existing employee share schemes or other employee award plans of the Group);

(C) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any securities of the Company; or

(D) enter into any transaction with the same economic effect as, or agree to, or publicly announce any intention to enter into any transaction described in (A) or (B) above, whether any such transaction described in (A) or (B) above is to be settled by delivery of securities, in cash or otherwise,

provided however that in respect of any merger or acquisition transaction by the Company: (1) any allotment, issuance or offer; (2) any grant of any option, right or warrant to allot, issue or offer; or (3) the entry of any transaction with the same economic effect as allotting, issuing or offering or granting any option, right or warrant to allot, issue or offer (or agreeing to or publicly announcing any intention to enter into any such transaction), any Ordinary Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares other than for cash (and not using a cash box structure), this undertaking shall apply only until the date which is 90 days after the settlement date.

In addition to the lock-up described in the above paragraph, the Company has agreed to certain consultation and consent rights in favour of the Underwriters in respect of material departures from disclosures or expressions of policy or intention contained in this document, entry into commitments which would be material in the context of the Group taken as a whole and the making of certain announcements.

10.2 Costa Sale and Purchase Agreement

On 3 January 2019, the Group completed the sale of the entire issued share capital of Costa, pursuant to the terms and conditions specified in the sale and purchase agreement between the Company, Whitbread Group plc and Coca-Cola dated 31 August 2018 (the "**Costa Sale and Purchase Agreement**"). The consideration under the Costa Sale and Purchase Agreement comprised a base consideration of £3.9 billion, subject to certain adjustments in relation to the

financing position of the Costa group between 1 March 2018 and the date of completion. The base consideration was also subject to:

(A) a deduction of £68,773,000, representing an agreed adjustment for cash and debt-like items and normalised working capital as at 1 March 2018; and

(B) an addition of £162,000 per day from (and excluding) 1 March 2018 to (and including) the date of completion.

The Costa Sale and Purchase Agreement became unconditional on 21 December 2018 following shareholder approval and the obtaining of relevant antitrust clearances.

Whitbread Group plc gave certain warranties to Coca-Cola, including warranties in respect of its power and ability to enter into and perform the Costa Sale and Purchase Agreement, title to the shares in Costa, accounts and financial matters, contracts, litigation, matters relating to employees, compliance with laws, intellectual property, data protection, health and safety, pensions, real estate matters, the environment and taxation.

Whitbread Group plc gave certain indemnities in favour of Coca-Cola, as well as the following specific indemnities:

(A) an indemnity in respect of any liabilities, losses, costs or expenses incurred by Coca-Cola's group or Costa's group in respect of the Whitbread Group Pension Fund which become payable or which remain unpaid on or after completion; and

(B) an indemnity in respect of any non-domestic rates which are assessed on certain Costa Express assets that any member of Costa's group incurs or pays in relation to any period prior to 1 March 2018 (and any associated liabilities, losses, costs or expenses). In addition, if, before the fifth anniversary of completion, an agreed number of those assets are assessed for such rates and such rates become due and payable, then Whitbread Group plc would be obliged to pay to Coca-Cola a lump-sum amount equal to £75 million.

The Costa Sale and Purchase Agreement contains certain financial limitations, time limitations and other limitations and exclusions on the ability of Coca-Cola to claim against Whitbread Group plc for breach of warranty or breach of the Costa Sale and Purchase Agreement.

The total aggregate liability of Whitbread Group plc for breach of warranty, other than those warranties which relate to the title and capacity of Whitbread Group plc or specifically to tax, is capped at £766,245,400. The total aggregate liability of the Company and Whitbread Group plc for all claims under the Costa Sale and Purchase Agreement, including any claim in respect of warranties which relate to title and capacity or tax or in respect of the tax covenant dated 3 January 2019, but excluding any claim in respect of the separate indemnity given in respect of liabilities under the Whitbread Group Pension Fund, is capped at £3,831,227,000.

Whitbread Group plc also gave an undertaking to Coca-Cola that, subject to certain exceptions (including the Group's ability to carry on its business as it operated at completion), it and the other members of the Group will not, directly or indirectly, for a period of 30 months from the date of completion, carry on or be engaged, concerned or interested in certain types of coffee-related business in any of China, Cyprus, Czech Republic, Egypt, Germany, Ireland, Poland, Saudi Arabia, Spain, the United Arab Emirates or the United Kingdom.

The Costa Sale and Purchase Agreement is governed by English law.

10.3 Option Agreement

On 31 May 2019, the Company entered into an option agreement with Morgan Stanley (the "**Option Agreement**") in connection with the tender offer announced by the Company on 31 May 2018 (the "**Tender Offer**") to return £2 billion to shareholders.

Pursuant to the terms of the Option Agreement, the Company granted a put option to Morgan Stanley which, on exercise, obliged the Company to purchase from Morgan Stanley at a price equal to 4,972 pence for each Ordinary Share (the "**Strike Price**") purchased by Morgan Stanley pursuant to the Tender Offer. Also under the Option Agreement, Morgan Stanley granted the Company a call option which, on exercise, would oblige Morgan Stanley to sell to the Company, at a price equal to the Strike Price, the Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer. Morgan Stanley exercised its put option, and on 23 July 2019 the Company acquired 40,225,261 Ordinary Shares from Morgan Stanley at the Strike Price.

10.4 Revolving Credit Facility

Whitbread Group plc entered into a revolving multicurrency loan facility between, among others, Whitbread Group plc (as borrower), the Company and Premier Inn Hotels Limited (each as original guarantors), certain financial institutions (as lenders) and Barclays Bank Plc (as agent), dated 4 November 2011, as amended and/or amended and restated from time to time including by way of an amendment and restatement agreement dated 7 September 2015 (the "**Revolving Credit Facility Agreement**").

Under the terms of the Revolving Credit Facility Agreement, the lenders have made available to Whitbread Group plc a committed revolving multicurrency loan facility in an aggregate amount of £950 million (or its equivalent in optional currencies), with a maturity date of 7 September 2022. The Revolving Credit Facility was put in place to provide the Group with access to funding for general corporate purposes. As at the date of this document, Whitbread Group plc has drawn £50 million of the Revolving Credit Facility.

The Revolving Credit Facility is unsecured but is guaranteed by certain members of the Group (including the Company and Premier Inn Hotels Limited). The Revolving Credit Facility includes a mechanism for release of a guarantor where that guarantor is the subject of a disposal to a third-party and such disposal is permitted under the terms of the Revolving Credit Facility. Under the Revolving Credit Facility, Whitbread Group plc is required to ensure that the guarantor group covers more than 75% of the consolidated profits, total assets and consolidated turnover of the Group (respectively).

Whitbread Group plc has the right to cancel the whole or (subject to a de minimis threshold) any part of the aggregate outstanding commitments under the Revolving Credit Facility and is permitted to voluntarily prepay any outstanding loans.

Any amounts which have been drawn under the Revolving Credit Facility are to be repaid on the last day of each period, being a period as agreed by Whitbread Group plc and the lenders. Interest is charged on loans drawn at LIBOR plus the agreed margin. The applicable margin payable by Whitbread Group plc is subject to variation according to a ratchet set by reference to the leverage ratio.

The Revolving Credit Facility contains the Debt Financial Covenants. Each of the Debt Financial Covenants is tested twice-yearly on the Test Date and is calculated on a consolidated basis for the Group in respect of the 12-month period ending on the Reference Date. For the purposes of calculating the Debt Financial Covenants, various adjustments are made to EBITDA, for example, to take account of any assets that are acquired or disposed of during the relevant period and to exclude any non-recurring, non-operating items relating to employee share-based remuneration and post-retirement benefits, and the calculation of total net debt takes into account all cash and cash equivalents held by any member of the Group. In addition, all such financial covenant calculations are carried out on a pre-IFRS 16 basis.

The Company has obtained a covenant waiver from the lenders under the Revolving Credit Facility in respect of the Debt Financial Covenants as it was likely that the Group would not have been in compliance with such 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 terms of this covenant waiver include the following:

- The Debt Financial Covenants will not be tested in respect of the 12-month periods ending on 27 August 2020, 25 February 2021 and 2 September 2021.
- Following the expiry of the Covenant Waiver Period, the Debt Financial Covenants will re-apply to the Revolving Credit Facility. Accordingly, the Debt Financial Covenants will next be tested in respect of the 12-month period ending on 3 March 2022, and this Test Date is expected to be on or around 20 May 2022.
- Until the Debt Covenant Compliance Date, the Company has agreed the Waiver Period Financial Covenants with the lenders under the Revolving Credit Facility. The Waiver Period Financial Covenants will be tested on each quarter end date during the period from the date the waiver was granted until the Debt Covenant Compliance Date.
- Until the Debt Covenant Compliance Date, the Company has agreed to be subject to additional restrictions, including a prohibition on any dividends (other than in respect of B Shares and C Shares) being paid and any share repurchases being carried out, a reduction in the limit of disposals that the Company is permitted to make and encumbrances that the Company is

permitted to grant and certain restrictions on the Company undertaking any acquisition for cash that would constitute a Class 1 transaction.

In addition, the Revolving Credit Facility contains certain other representations and covenants by, and restrictions on, Whitbread Group plc and the guarantors, including, without limitation, with respect to certain corporate activities such as disposals of assets and subsidiaries, and a restriction on the creation of security subject to certain exceptions. The Revolving Credit Facility also contains certain events of default, upon the occurrence of which the lenders may terminate the facilities and demand repayment. These events of default include, among others and subject to certain grace periods and materiality thresholds, failure to make payments under the Revolving Credit Facility and related finance documents, breach of any financial covenant described above, material misrepresentation, cross-acceleration in excess of specified amounts, suspension of operations and certain insolvency events and proceedings. On 25 March 2020, Whitbread Group plc obtained consent from the agent under the Revolving Credit Facility (on behalf of the majority lenders) to waive any default or event of default relating to the Group's suspension of operations as a result of the Group's closure of hotels and restaurants in connection with the COVID-19 pandemic.

If an event of default occurs, the agent may give notice of cancellation of all available commitments and/or declare all outstanding advances, together with accrued interest, to be immediately due and payable or payable on demand. On the giving of such notice or demand (as the case may be) the outstanding amounts would be repayable immediately.

The Revolving Credit Facility Agreement is governed by English law.

10.5 Senior unsecured bonds

On or about 28 May 2015, Whitbread Group plc (as issuer) issued £450 million 3.375% guaranteed bonds due 2025. The 2025 Bonds were initially issued in bearer form in denominations of £100,000.

The terms and conditions of the 2025 Bonds are set out in a trust deed entered into between Whitbread Group plc (as issuer), the Company and Premier Inn Hotels Limited (each as guarantors) and HSBC Corporate Trustee Company (UK) Limited (as trustee) dated 28 May 2015 (the "**2025 Bonds T&Cs**").

The 2025 Bonds are unsecured but are guaranteed by certain members of the Group (including the Company and Premier Inn Hotels Limited). The guarantors under the 2025 Bonds are required to be the same as under the Revolving Credit Facility Agreement. The 2025 Bonds T&Cs include a mechanism for accession and release of guarantors to ensure the guarantors of the 2025 Bonds are the same as the guarantors under the Revolving Credit Facility Agreement.

The 2025 Bonds T&Cs include a right for Whitbread Group plc to optionally redeem the 2025 Bonds after 16 July 2025 at a price equal to the principal amount of the 2025 Bonds or, if it elects to redeem the 2025 Bonds prior to 16 July 2025, at a price equal to the principal amount of the 2025 Bonds plus a make-whole amount. The 2025 Bonds T&Cs include a right for the holders to require redemption of the 2025 Bonds in the event of a change of control of the Company.

The 2025 Bonds T&Cs contain certain events of default (subject, in certain cases, to grace periods and materiality thresholds), including, without limitation, with respect to failure to make payments of principal under the 2025 Bonds, cross-acceleration of other debt obligations in excess of specified amounts and certain insolvency events or proceedings. Upon the occurrence of an event of default the trustee may (if directed by holders of at least one quarter of the principal amount of the 2025 Bonds then outstanding) declare that the 2025 Bonds are immediately due and payable. In addition, the 2025 Bonds contain a restriction on the Company, any of the guarantors and any principal subsidiary granting any security in respect of other financial indebtedness which is listed or traded on any stock exchange or securities market, without equivalent security interests being provided to the holders of the 2025 Bonds.

The 2025 Bonds T&Cs are governed by English law.

10.6 US Notes

Whitbread Group plc has entered into the following note purchase agreements prior to or in connection with the issuance of US Notes:

(A) a note purchase and guarantee agreement between, among others, Whitbread Group plc (as issuer), the Company (as parent guarantor) and each purchaser dated 1 March 2017 (the "**2017 NPA**") relating to the outstanding: (i) £100 million 2.54% Series A Senior Notes (due 16 August

2027); and (ii) £100 million 2.63% Series B Senior Notes (due 16 August 2027), in each case, issued by Whitbread Group plc;

(B) a note purchase and guarantee agreement between, among others, Whitbread Group plc (as issuer), the Company (as parent guarantor) and each purchaser dated 27 July 2011 (the "**2011 NPA**") relating to the outstanding: (i) $93.5 million 4.86% Series C Senior Notes (due 26 January 2022); and (ii) £25 million 4.89% Series D Senior Notes (due 6 September 2021), in each case, issued by Whitbread Group plc; and

(C) a note purchase and guarantee agreement between, among others, Whitbread Group plc (as issuer), the Company (as parent guarantor) and each purchaser dated 13 August 2010 (the "**2010 NPA**") relating to the outstanding: (i) $75 million 5.23% Series B Senior Notes (due 13 August 2020); and (ii) £25 million 5.19% Series C Senior Notes (due 13 August 2020), in each case, issued by Whitbread Group plc,

(the 2017 NPA, 2011 NPA and 2010 NPA being, together, the "**NPAs**").

The terms of each of the NPAs are substantially similar, save with respect to amount, pricing, maturity and other similar provisions.

The US Notes are unsecured but are guaranteed by certain members of the Group (including the Company and Premier Inn Hotels Limited). Any guarantor under the Revolving Credit Facility Agreement is required also to be a guarantor under the US Notes. The NPAs include a mechanism for accession and release of guarantors which allows the guarantors to be amended so as to match the guarantors under the Revolving Credit Facility Agreement.

Under the NPAs, Whitbread Group plc is required to ensure that the guarantor group covers more than 75% of the consolidated profits, total assets and consolidated turnover of the Group (respectively).

The NPAs include a right for Whitbread Group plc to optionally prepay all or (subject to a de minimis threshold) any part of the US Notes at a price equal to 100% plus a make-whole amount. The NPAs include a requirement that Whitbread Group plc makes an offer to prepay the US Notes in the event of a change of control of the Company.

The NPAs contain the Debt Financial Covenants. Each of the Debt Financial Covenants is tested twice-yearly on the Test Date and is calculated on a consolidated basis for the Group in respect of the 12-month period ending on the Reference Date. For the purposes of calculating the Debt Financial Covenants, various adjustments are made to EBITDA, for example, to take account of any assets that are acquired or disposed of during the relevant period and to exclude any non-recurring, non-operating items relating to employee share-based remuneration and post-retirement benefits, and the calculation of total net debt takes into account all cash and cash equivalents held by any member of the Group. In addition, all such financial covenant calculations are carried out on a pre-IFRS 16 basis.

The 2010 US Notes are due for redemption in August 2020 and, as a result, the Debt Financial Covenants will not be tested again prior to the 2010 US Notes being redeemed at maturity. However, the Company has obtained a covenant waiver from the holders of the 2011 US Notes and 2017 US Notes in respect of the Debt Financial Covenants as it was likely that the Group would not have been in compliance with such 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 terms of this covenant waiver include the following:

- The Debt Financial Covenants will not be tested in respect of the 12-month periods ending on 27 August 2020, 25 February 2021 and 2 September 2021.
- Following the expiry of the Covenant Waiver Period, the Debt Financial Covenants will re-apply to the US Notes then outstanding. Accordingly, the Debt Financial Covenants will next be tested in respect of the 12-month period ending on 3 March 2022, and this Test Date is expected to be on or around 20 May 2022.
- Until the Debt Covenant Compliance Date, the Company has agreed the Waiver Period Financial Covenants with the holders of the 2011 US Notes and 2017 US Notes. The Waiver Period Financial Covenants will be tested on each quarter end date during the period from the date the waiver was granted until the Debt Covenant Compliance Date.
- Until the Debt Covenant Compliance Date, the Company has agreed to be subject to additional restrictions, including a prohibition on any dividends (other than in respect of B Shares or C Shares) being declared or paid and any share repurchases being carried out, a reduction in the

limit of disposals that the Company is permitted to make and liens that the Company is permitted to grant, a restriction on cancelling any commitment under the Revolving Credit Facility or making any voluntary prepayments or redemptions prior to maturity in respect of the other US Notes or the 2025 Bond (in either case, other than as a result of refinancing) without also redeeming a portion of the 2011 US Notes and 2017 US Notes on a pro rata basis, and certain restrictions on the Company undertaking any acquisition for cash that would constitute a Class 1 transaction. In addition, the Company has agreed that, if at any time before the Debt Covenant Compliance Date it ceases to have an investment grade rating, the interest payable on the 2011 US Notes and 2017 US Notes will increase by 0.75% p.a. until such time as the Company has regained an investment grade rating.

- During the Covenant Waiver Period, if either (i) a default which is not capable of remedy or for which the applicable grace period has expired or an (ii) event of default or potential event of default which is not capable of remedy or for which the applicable grace period has expired occurs under the terms of the Revolving Credit Facility Agreement, the terms of the waiver will cease to have effect in respect of the 2011 US Notes and the 2017 US Notes. If such covenant waiver falls away, the Company will be in event of default under the 2011 US Notes and/or 2017 US Notes if it is not in compliance with the Debt Financial Covenants.

The NPAs also contain certain covenants by, and restrictions on, Whitbread Group plc, the guarantors and certain other members of the Group (the "**Restricted Group**"), including, without limitation, with respect to certain corporate activities such as disposals of assets and subsidiaries, carrying out mergers and other business combinations, granting security and any restricted subsidiary incurring borrowings, in each case, subject to certain exceptions and thresholds.

In addition, there are certain events of default (which, in certain cases, are subject to grace periods and materiality thresholds), including, without limitation, with respect to failure to make payments of principal or interest under the NPAs, breach of any of the financial covenants described above, cross-acceleration in excess of specified amounts and certain insolvency events or proceedings, including the suspension (or threat to suspend) all or part of operations which are material. Upon the occurrence of an event of default, the US Notes will, in certain cases, become immediately due and payable, and, in all other cases, the applicable majority of noteholders may declare the notes to be immediately due and payable. On 30 March 2020, Whitbread Group plc obtained consent from the holders of the 2010 US Notes to waive any default or event of default relating to the Group's suspension of operations as a result of the Group following UK Government mandated advice to close all hotels and restaurants in connection with the Covid-19 pandemic. This waiver applies from 20 March 2020 until one month after the UK Government lifts the restriction on the Company carrying on its business. Whitbread Group plc has also obtained consent from the noteholders under the 2011 US Notes and the 2017 US Notes to waive any default or event of default relating to the Group's suspension of operations as a result of the Group's closure of hotels and restaurants in connection with the Covid-19 pandemic. This waiver applies from 20 March 2020 until 2 March 2022 unless either (i) a default which is not capable of remedy or for which the applicable grace period has expired or an (ii) event of default occurs under the terms of the Revolving Credit Facility Agreement, in which case such waiver would cease to have effect. If either of these waivers cease to have effect, the Company would be in event of default under the US Notes (then outstanding) if it suspended or threatened to suspend all or part of its operations which are material.

Each of the NPAs is governed by English law.

10.7 Deed of Covenant

On 18 May 2020, the Company and Whitbread Group plc entered into a deed of covenant (the "**Deed of Covenant**") with the Trustee. This replaced similar deeds which have been in place with the Trustee for a number of years, the most recent of which was entered into on 2 January 2019.

The Deed of Covenant contains the following covenants:

- from the date of the Deed of Covenant until the Pension Fund Covenant Compliance Date, the Waiver Period Financial Covenants shall apply and will be tested on each quarter end date until the Pension Fund Covenant Compliance Date; and
- from the Pension Fund Covenant Compliance Date, the Pension Fund Financial Covenant shall apply and will be tested twice-yearly and is calculated on a consolidated basis for the Group in respect of the 12-month period ending on the Reference Date.

If any of these covenants were breached, the Group would be required to make a one-off contribution to the Whitbread Group Pension Fund. This one-off payment would be for the lesser of: (i) the secondary funding target deficit of the Whitbread Group Pension Fund at the relevant time and (ii) if prior to the Pension Fund Covenant Compliance Date, £500.0 million (or £450.0 million if a one-off cash contribution of £50.0 million has been made to the Whitbread Group Pension Fund due to the Group failing to provide valuation reports and certificates of title in relation to the newly secured real estate properties by the applicable deadline), or, if after the Pension Fund Covenant Compliance Date, £450.0 million.

In addition, the Deed of Covenant contains certain covenants which apply prior to the Pension Fund Covenant Compliance Date. These include a prohibition on any dividends (other than in respect of B Shares and C Shares) being paid and any share repurchases being carried out, a restriction on disposals that the Company is permitted to make and encumbrances that the Company is permitted to grant and certain restrictions on the Company undertaking any acquisition for cash that would constitute a Class 1 transaction.

The Group's obligations in respect of the Whitbread Group Pension Fund, including those under the Deed of Covenant, are secured by a charge over certain of the Group's real estate assets.

11. REGULATORY DISCLOSURES

Below is a summary of the information disclosed in accordance with the Company's obligations under MAR over the last 12 months which is relevant as at the date of this document.

On 24 March 2020, the Company gave a trading update in light of the ongoing COVID-19 situation. In this trading update, the Company announced that while the Company's financial performance for the year ended 27 February 2020 was expected to be in line with expectations, trading in the period subsequent to the year-end had been materially adversely affected by COVID-19. The Company also outlined the following steps it had taken to reduce cash outflows:

- 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.

On 28 February 2020, the Company announced the completion of the acquisition of a company with 13 open hotels in Germany (with an additional six hotels in the committed pipeline) from Foremost, for an undisclosed sum.

12. LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the twelve (12) months preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

13. WORKING CAPITAL

In the opinion of the Company, taking into account the net proceeds of the Rights Issue (being approximately £980 million, after deduction of estimated commissions, fees and expenses), the working capital available to the Group is sufficient for its present requirements (that is, for at least 12 months following the date of this document).

14. NO SIGNIFICANT CHANGE

Other than as described below, there has been no significant change in the financial position or financial performance of the Group in the period since 27 February 2020 to the date of publication of this document.

The COVID-19 pandemic and associated government measures have had a very significant negative effect on the Group's business since 27 February 2020. 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.

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.

For more information regarding the impact of the COVID-19 pandemic on the Group, see section 2 (*Background to and reasons for the Rights Issue*) of Part V (*Letter from the Chairman of Whitbread*).

15. EXPENSES

The total costs and expenses payable by the Company in connection with the Rights Issue (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents) are estimated to amount to approximately £29 million (including VAT).

Each New Ordinary Share is expected to be issued at a premium of 1,423 $^{31}/_{153}$ pence to its nominal value of 76 $^{122}/_{153}$ pence.

16. AUDITOR

The auditor of the Company since 2015 has been Deloitte LLP of 1 New Street Square, London EC4A 3HQ. Deloitte LLP is registered to carry out audit work in the United Kingdom and Ireland by the Institute of Chartered Accountants in England and Wales and has no material interest in the Company or the Group.

17. CONSENTS

Each of the Underwriters has given and not withdrawn their consent to the inclusion in this document of their name in the form and in the context in which they appear.

18. THIRD-PARTY INFORMATION

Where third-party information has been used in this document, the source of such information has been identified. The Company confirms that such information has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by such third-parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Company has not independently verified any of the data from third-party sources, nor has the Company ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which the Company believes to be reliable based upon the Directors' knowledge of the industry, have not been independently verified. Statements as to the Group's market position are based on recently available data.

19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected on the Company's website at https://www.whitbread.co.uk/investors/ for a period of twelve (12) months from the date of publication of this document:

- the Articles of Association;
- the documents incorporated by reference into this document, as described in Part XIII (Documents incorporated by reference); and
- a copy of this document.

For the purposes of Rule 3.2 of the Prospectus Regulation Rules, this document will be published in printed form and available free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission at the Company's registered office, being Whitbread Court, Houghton Hall Business Park, Porz Avenue Dunstable, Bedfordshire, LU5 5XE. In addition, the document will be published in electronic form and be available on the Company's website at https://www.whitbread.co.uk/investors/.

PART XIII
DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the documents of which certain parts are incorporated by reference into, and form part of, this document. Only the parts of the documents identified in the table below are incorporated into, and form part of, this document. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this document. To the extent that any information incorporated by reference itself incorporates any information by reference, either expressly or by implication, such information will not form part of this document for the purposes of the Prospectus Regulation Rules, except where such information is stated within this document as specifically being incorporated by reference or where the document is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

1. INFORMATION INCORPORATED BY REFERENCE FROM THE WHITBREAD 2020 ANNUAL REPORT AND ACCOUNTS

The following pages are incorporated by reference from the Whitbread 2020 Annual Report and Accounts:

Document information incorporated by reference	Pages
Auditor's report on the financial statements	109-121
Consolidated income statement	123
Consolidated statement of comprehensive income	124
Consolidated statement of changes in equity	125
Consolidated balance sheet	126
Consolidated cash flow statement	127
Notes to the consolidated financial statements	128-187

The Whitbread 2020 Annual Report and Accounts can be accessed at: https://www.whitbread.co.uk/investors/results-reports-and-presentations#reports-2020

2. INFORMATION INCORPORATED BY REFERENCE FROM THE WHITBREAD 2019 ANNUAL REPORT AND ACCOUNTS

The following pages are incorporated by reference from the Whitbread 2019 Annual Report and Accounts:

Document information incorporated by reference	Pages
Auditor's report on the financial statements	96-104
Consolidated income statement	106
Consolidated statement of comprehensive income	107
Consolidated statement of changes in equity	108
Consolidated balance sheet	109
Consolidated cash flow statement	110
Notes to the consolidated financial statements	111-154

The Whitbread 2019 Annual Report and Accounts can be accessed at: https://www.whitbread.co.uk/~/media/Files/W/Whitbread/report-and%20presentations/2019/Whitbread_18-19%20Full%20Report_Final_Final.pdf

3. INFORMATION INCORPORATED BY REFERENCE FROM THE WHITBREAD 2018 ANNUAL REPORT AND ACCOUNTS

The following pages are incorporated by reference from the Whitbread 2018 Annual Report and Accounts:

Document information incorporated by reference	Pages
Auditor's report on the financial statements	93-100
Consolidated income statement	102
Consolidated statement of comprehensive income	103
Consolidated statement of changes in equity	104
Consolidated balance sheet	105
Consolidated cash flow statement	106
Notes to the consolidated financial statements	107-146

The Whitbread 2018 Annual Report and Accounts can be accessed at: https://www.whitbread.co.uk/~/media/Files/W/Whitbread/report-and%20presentations/2018/Whitbread%20Interactive%202018.pdf

SCHEDULE
DEFINITIONS

"**2010 NPA**"	means the note purchase and guarantee agreement between, among others, Whitbread Group plc (as issuer), the Company (as parent guarantor) and each purchaser dated 13 August 2010 relating to the outstanding: (i) $75 million 5.23% Series B Senior Notes (due 13 August 2020); and (ii) £25 million 5.19% Series C Senior Notes (due 13 August 2020), in each case, issued by Whitbread Group plc;
"**2010 US Notes**"	means the US Notes due 13 August 2020;
"**2011 NPA**"	means the note purchase and guarantee agreement between, among others, Whitbread Group plc (as issuer), the Company (as parent guarantor) and each purchaser dated 27 July 2011 relating to the outstanding: (i) $93.5 million 4.86% Series C Senior Notes (due 26 January 2022); and (ii) £25 million 4.89% Series D Senior Notes (due 6 September 2021), in each case, issued by Whitbread Group plc;
"**2011 US Notes**"	means the US Notes due 6 September 2021;
"**2017 NPA**"	means the note purchase and guarantee agreement between, among others, Whitbread Group plc (as issuer), the Company (as parent guarantor) and each purchaser dated 1 March 2017 relating to the outstanding: (i) £100 million 2.54% Series A Senior Notes (due 16 August 2027); and (ii) £100 million 2.63% Series B Senior Notes (due 16 August 2027), in each case, issued by Whitbread Group plc;
"**2017 US Notes**"	means the US Notes due 16 August 2027;
"**2018 Annual Financial Statements**"	means the audited financial statements of the Company for the financial year ended 1 March 2018;
"**2019 Annual Financial Statements**"	means the audited financial statements of the Company for the financial year ended 28 February 2019;
"**2019 Annual General Meeting**"	means the annual general meeting of the Company held on 19 June 2019;
"**2020 Annual Financial Statements**"	means the audited financial statements of the Company for the financial year ended 27 February 2020;
"**2025 Bonds**"	means the senior unsecured bonds of £450 million with a maturity of 2025;
"**2025 Bonds T&Cs**"	means the terms and conditions of the 2025 Bonds as set out in a trust deed entered into between Whitbread Group plc (as issuer), the Company and Premier Inn Hotels Limited (each as guarantor) and HSBC Corporate Trustee Company (UK) Limited (as trustee) dated 28 May 2015;
"**Admission**"	means admission of the New Ordinary Shares (nil paid or fully paid, as the case may be) to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
"**Admission of Nil Paid Rights**"	means admission of the Nil Paid Rights to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
"**ADS**"	means each American depositary share representing the rights and interest in Ordinary Shares evidenced by the American depositary receipts issued by the Depositary pursuant to the terms of the Deposit Agreement;
"**applicant**"	has the meaning given to it in section 3.3 (*Money Laundering Regulations*) of Part VII (*Terms and Conditions of the Rights Issue*);

"**APMs**"	means alternative performance measures that are not defined or recognised under IFRS, but which are consistent with the Group's internal assessment of performance;
"**ARR**"	means average room rate;
"**Articles of Association**"	means the articles of association of the Company from time to time;
"**Auditor**"	means Deloitte LLP;
"**B Shares**"	means the means the cumulative preferential B shares of 1p each in the share capital of the Company;
"**Bank of England**"	means The Governor and Company of the Bank of England and, save as the context otherwise requires, a reference to the Bank includes a reference to the Bank acting on its own behalf and as agent or custodian for Covid Corporate Financing Facility Limited;
"**Board**"	means the board of directors of the Company from time to time;
"**Business Day**"	means any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday;
"**C Shares**"	means the means the cumulative preferential C shares of 1p each in the share capital of the Company;
"**Cashless Take-up**"	the sale of such number of Nil Paid Rights as will generate sufficient sale proceeds to enable the direct or indirect holder thereof to take up all of their remaining Nil Paid Rights (or entitlements thereto);
"**CCFF**"	means the joint Bank of England and HM Treasury's lending facility, named the Covid Corporate Financing Facility, under which the Bank of England, acting through an entity named Covid Corporate Financing Facility Limited, may acquire commercial paper which is issued by a participating eligible company with a term of between one week and 12 months;
"**CCSS**"	means the CREST Courier and Sorting Service established by Euroclear UK to facilitate, amongst other things, the deposit and withdrawal of securities;
"**certificated**" or "**in certificated form**"	refers to a share or other security which is not in uncertificated form (that is, not in CREST);
"**Chairman**"	means the chairman of the Company;
"**Charge**"	means a provision by the Group of a charge over certain of its real estate properties in favour of the Trustee under which the obligations of various Group companies to make payment to the Whitbread Group Pension Fund are secured;
"**City Code**"	means the UK City Code on Takeovers and Mergers;
"**Closing Price**"	means the closing, middle market quotation of an Existing Ordinary Share, as published in the Daily Official List;
"**Coca-Cola**"	means The Coca-Cola Company;
"**Code**"	means the US Internal Revenue Code of 1986;
"**Companies Act**"	means the Companies Act 2006 of England and Wales, as amended, modified or re-enacted from time to time;
"**Company**" or "**Whitbread**"	Whitbread plc, a public limited company incorporated in England and Wales with registered number 04120344;
"**Consolidation Listing Form**"	means the Consolidation Listing Form as defined in the CREST Regulations;
"**Costa**"	means Costa Limited, a private limited company incorporated in England and Wales with registered number 01270695;
"**Costa Sale and Purchase Agreement**"	means the sale and purchase agreement entered into between the Company, Whitbread Group plc and Coca-Cola dated 31 August 2018;

"**Covenant Waiver Period**"	means the period from 18 May 2020 until 2 March 2022;
"**CREST**"	means the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear UK;
"**CREST Deposit Form**"	means the deposit form set out on page 4 of the Provisional Allotment Letter;
"**CREST Manual**"	means the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear UK on 15 July 1996, as amended);
"**CREST member**"	means a person who has been admitted by Euroclear UK as a system-member (as defined in the CREST Regulations);
"**CREST Regulations**"	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
"**CREST RTGS payment mechanism**"	means CREST RTGS payment mechanism as defined in the CREST Manual;
"**CREST Shareholders**"	means Shareholders holding Ordinary Shares in uncertificated form;
"**CREST sponsor**"	means a CREST participant admitted to CREST as a CREST sponsor;
"**CREST sponsored member**"	means a CREST member admitted to CREST as a sponsored member;
"**C(WUMP)O**"	means the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) of Hong Kong;
"**Debt and Pension Fund Financial Covenants**"	means the Debt Financial Covenants and the Pension Fund Financial Covenant;
"**Debt Covenant Compliance Date**"	means the later of (i) 2 March 2022; and (ii) the date which the Company is in compliance with the Debt Financial Covenants;
"**Debt Financial Covenants**"	means the financial covenants in respect of the Revolving Credit Facility and US Notes: (i) that total net debt does not exceed 3.5x EBITDA; and (ii) that the ratio of EBITDA to consolidated net finance charges is not less than 3.0:1, and "**Debt Financial Covenant**" means any one of them;
"**Deed of Covenant**"	means the deed of covenant entered into by the Company, Whitbread Group plc and the Trustee on 18 May 2020;
"**Depositary**"	means Deutsche Bank Trust Company Americas;
"**Deposit Agreement**"	means the deposit agreement entered into between the Company, the Depositary and the holders and beneficial owners of ADSs on 6 October 2017 establishing an American depositary receipt facility with the Depositary to provide for the deposit of certain Ordinary Shares and the creation of ADSs representing the Ordinary Shares so deposited;
"**Directors**"	means the directors of the Company as at the date of this document, and "**Director**" means any one of them;
"**Disclosure Guidance and Transparency Rules**"	means the disclosure guidance and transparency rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
"**DJSI**"	means the Dow Jones Sustainability Index;
"**EEA**"	means the European Economic Area first established by the agreement signed at Oporto on 2 May 1992;

"**EEA State**"	means a state which is a contracting party to the agreement on the EEA signed at Oporto on 2 May 1992, as it has effect for the time being;
"**EPS**"	means earnings per share;
"**EU**" or "**European Union**"	means the European Union first established by the treaty made at Maastricht on 7 February 1992;
"**EU GDPR**"	means the EU General Data Protection Regulation (Regulation (EU) 2016/679);
"**Euroclear UK**"	means Euroclear UK & Ireland Limited, the operator of CREST;
"**Excluded Shareholders**"	means, subject to certain exceptions, Shareholders who have registered addresses in, who are incorporated in, registered in, or otherwise resident or located in, any Excluded Territory;
"**Excluded Territories**"	means Australia, New Zealand, United Arab Emirates, Japan, Singapore, South Africa, the United States 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 "**Excluded Territory**" means any one of them;
"**Executive Committee**"	means a committee of the board of directors comprised of Whitbread's Executive Directors and the Senior Managers;
"**Executive Directors**"	means the executive directors of the Company as at the date of this document and "**Executive Director**" means any one of them;
"**Existing Holding**"	means a Qualifying Shareholder's holding of Ordinary Shares on the Record Date;
"**Existing Ordinary Shares**"	means, the existing Ordinary Shares in issue immediately preceding the Rights Issue;
"**Ex-Rights Date**"	means the date on which Ordinary Shares are marked "ex-rights", which is expected to occur at 8.00 a.m. on 26 May 2020;
"**FATCA**"	means the US Foreign Account Tax Compliance Act of 2010;
"**FCA**"	means the Financial Conduct Authority;
"**FCA Handbook**"	means the FCA's Handbook of Rules and Guidance, as amended from time to time;
"**FinSA**"	means the Swiss Financial Services Act;
"**first instruction**"	has the meaning given to it in section 4.2(G)(iv) of Part VII (*Terms and Conditions of the Rights Issue*);
"**FFO**"	means Funds From Operations;
"**FSMA**"	means the Financial Services and Markets Act 2000 of England and Wales, as amended from time to time;
"**Foremost**"	means Foremost Hospitality Group GmbH;
"**Fully Paid Rights**"	means rights to acquire New Ordinary Shares, fully paid;
"**GDP**"	means gross domestic product;
"**GDPR**"	means the General Data Protection Regulation ((EU 2016/679);
"**Group**"	means the Company and each of its direct and indirect subsidiaries from time to time (where "subsidiary" shall have the meaning ascribed to it in the Companies Act);
"**Historical Financial Information**"	the historical financial information of the Group referred to in Part IX (*Historical Financial Information*);
"**HMRC**"	means HM Revenue and Customs;
"**IASB**"	means the International Accounting Standards Board;
"**IFRIC**"	means the International Financial Reporting Interpretations Committee;
"**IFRS**"	means the International Financial Reporting Standards, as adopted in the European Union;
"**IRS**"	means the United States Internal Revenue Service;
"**ISIN**"	means International Securities Identification Number;

"**J.P. Morgan Cazenove**"	means J.P. Morgan Securities plc (which conducts its United Kingdom investment banking activities under the marketing name J.P. Morgan Cazenove);
"**Joint Bookrunners**"	means J.P. Morgan Securities plc and Morgan Stanley & Co. International plc;
"**Joint Global Co-ordinators**"	means J.P. Morgan Securities plc and Morgan Stanley & Co. International plc;
"**Joint Sponsors**"	means J.P. Morgan Securities plc and Morgan Stanley & Co. International plc;
"**Latest Practicable Date**"	means 19 May 2020, being the latest practicable date prior to publication of this document;
"**Listing Rules**"	means the listing rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
"**London Stock Exchange**"	means London Stock Exchange Group plc or its successor(s);
"**MAR**"	means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, in the form retained in the English law and as amended from time to time;
"**Member State**"	means a member state of the EEA;
"**Morgan Stanley**"	means Morgan Stanley & Co. International plc;
"**Money Laundering Regulations**"	means the Money Laundering Regulations 2017, as amended;
"**MTM**"	has the meaning given to it in section 3.2 (*How do I take up my rights using CREST?*) of Part VI (*Questions and Answers about the Rights Issue*);
"**Network Provider's Communications Host**"	means Network Provider's Communications Host as defined in the CREST Manual;
"**NHS**"	means the National Health Service of the United Kingdom;
"**New Ordinary Shares**"	means the Ordinary Shares to be issued by the Company pursuant to the Rights Issue;
"**Nil Paid Rights**"	means rights to subscribe for New Ordinary Shares, nil paid;
"**Non-Executive Directors**"	means the non-executive directors of the Company as at the date of this document and "**Non-Executive Director**" means any one of them;
"**NPAs**"	means the 2017 NPA, 2011 NPA and 2010 NPA;
"**Official List**"	means the official list maintained by the FCA pursuant to FSMA;
"**Option Agreement**"	means the option agreement entered into between the Company and Morgan Stanley on 31 May 2019 in relation to the Tender Offer, further details of which can be found in section 10 (*Material contracts*) of Part XII (*Additional Information*) of this document;
"**Ordinary Shares**"	means the A shares of $76^{122}/_{153}$p each in the share capital of the Company;
"**Overseas Shareholders**"	means Shareholders with registered addresses outside the United Kingdom or who are incorporated in, registered in, or otherwise resident or located in, countries outside the United Kingdom;
"**Pension Fund Covenant Compliance Date**"	means the later of (i) 2 March 2022; and (ii) the date which the Company is in compliance with the Pension Fund Financial Covenant;
"**Pension Fund Financial Covenant**"	means the financial covenant that total net debt does not exceed 3.5x EBITDA contained in the Deed of Covenant;
"**PFIC**"	means passive foreign investment company;

"**PRA**" or "**Prudential Regulation Authority**"	means the Prudential Regulation Authority of the United Kingdom;
"**premiums**"	means any premium over the aggregate of the Rights Issue Price and the expenses of procuring subscribers (including any applicable brokerage and commissions and VAT which is not recoverable);
"**Principal Letter**"	has the meaning given to it in section 3.9 (*Registration in names of persons other than Qualifying Non-CREST Shareholders originally entitled*) of Part VII (*Terms and Conditions of the Rights Issue*);
"**Prospectus Regulation**"	means the Prospectus Regulation (EU) 2017/1129, as amended form time to time;
"**Prospectus Regulation Rules**"	means the Prospectus Regulation Rules of the FCA made under section 73A of FSMA;
"**Provisional Allotment Letter**"	means a provisional allotment letter to be issued in connection with the Rights Issue;
"**QIB**"	means a "qualified institutional buyer" within the meaning of Rule 144A;
"**QIB Investor Letter**"	means the letter executed by QIBs and delivered to the Company, certifying that, among other things: (i) it is a QIB and (ii) it will only offer, sell, transfer, assign, pledge or otherwise dispose of the New Ordinary Shares in transactions exempt from the registration requirements of the US Securities Act and in compliance with applicable securities laws;
"**Qualifying CREST Shareholders**"	means Qualifying Shareholders holding Ordinary Shares in uncertificated form;
"**Qualifying Non-CREST Shareholders**"	means Qualifying Shareholders holding Ordinary Shares in certificated form;
"**Qualifying Shareholders**"	means holders of Existing Ordinary Shares on the register of members of the Company at the Record Date;
"**Receiving Agent**"	means Link Asset Services;
"**Record Date**"	means the date specified in the Expected Timetable of Principal Events on which a Shareholder must hold Ordinary Shares to be a Qualifying Shareholder;
"**Reference Date**"	means the date of the Group's most recently completed financial year or financial half-year;
"**Regions**"	means the areas of the United Kingdom outside of London;
"**Registrar**"	means Link Asset Services;
"**Regulation S**"	means Regulation S under the US Securities Act;
"**Regulatory Capital Convertible Instruments**"	means convertible capital instruments satisfying the criteria for Additional Tier 1 Capital set out in Article 52 of the Regulation (EU) No 575/2013 (Retained Legislation);
"**REIT**"	means real estate investment funds;
"**Related Party Transaction**"	has the meaning ascribed to it in paragraph 9 of IAS 24, being the standard adopted according to Regulation (EC) No. 1606/2002;
"**Resolutions**"	means the resolutions as defined in section 5 (*Resolutions and Authorities*) of Part XII (*Additional Information*) of this document;
"**Restricted Group**"	means, in relation to the NPAs, those parties that are subject to certain covenants and restrictions, being Whitbread Group plc, the guarantors and certain other members of the Group (as described in the NPAs);

"**Revolving Credit Facility**"	means the syndicated bank revolving credit facility of £950 million with a maturity of 7 September 2022;
"**Revolving Credit Facility Agreement**"	means revolving multicurrency loan facility entered into between Whitbread Group plc (as borrower), the Company and Premier Inn Hotels Limited (each as original guarantors), certain financial institutions (as lenders) and Barclays Bank Plc (as agent), dated 4 November 2011, as amended and/or amended and restated from time to time including by way of an amendment and restatement agreement dated 7 September 2015, further details of which can be found in section 10 (*Material contracts*) of Part XII (*Additional Information*) of this document;
"**RevPAR**"	means Revenue per Available Room;
"**Rights**"	has the meaning given to it in Part B, section 1 (*US Federal Income Tax Consideration*) of Part XI (*Taxation*);
"**Rights Issue**"	means the offer by way of rights to Qualifying Shareholders to subscribe for New Ordinary Shares, on the terms and conditions set out in this document;
"**Rights Issue Price**"	means 1,500 pence per New Ordinary Share;
"**Risk Factors**"	means risk factors set out in Part I (*Risk Factors*) of this document;
"**ROCE**"	means return on capital employed;
"**Rule 144A**"	means Rule 144A under the US Securities Act;
"**RTGS settlement bank**"	means RTGS settlement bank as defined in the CREST Manual;
"**SDRT**"	means stamp duty reserve tax;
"**SEC**"	means the United States Securities and Exchange Commission;
"**SEDOL**"	means Stock Exchange Daily Official List;
"**SFO**"	means the Securities and Future Ordinance (Cap.571, Laws of Hong Kong) of Hong Kong;
"**Share Plans**"	means the Whitbread Directors Incentive Scheme, the Whitbread 2014 Long Term Incentive Plan, the Whitbread Performance Share Plan, the Whitbread Sharesave Scheme and the Whitbread 2019 Restricted Share Plan;
"**Shareholder Helpline**"	means the telephone helpline for Shareholders, on 0344 855 2327 (from inside the United Kingdom);
"**Shareholders**"	means the holder(s) of Ordinary Shares from time to time and "**Shareholder**" means any one of them;
"**SIC**"	means the Standard Interpretations Committee;
"**Special Dealing Service**"	the dealing service being made available by Link Asset Services to Qualifying Non-CREST Shareholders who are individuals (including legal representatives such as executors whose details have been registered with the Registrars) aged 18 or over (in the case of natural persons), who are resident in the United Kingdom or the EEA (or any other country confirmed by Link Asset Services in writing) who wish to sell all of their Nil Paid Rights or to effect a Cashless Take-up;
"**Special Dealing Service Terms and Conditions**"	means the terms and conditions of the Special Dealing Service;
"**stock account**"	means an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
"**Strike Price**"	has the meaning given to it in section 10.3 (*Option Agreement*) of Part XII (*Additional Information*);
"**Tender Offer**"	means the tender offer announced by the Company on 31 May 2019;
"**Test Date**"	means the date on which the Group's financial statements are delivered to the relevant creditors pursuant to the terms of the Revolving Credit Facility Agreement and the US Notes or the Trustee pursuant to the terms of the Deed of Covenant, as relevant;

"**Trustee**"	means the trustee of the Whitbread Group Pension Fund;
"**TSA**"	has the meaning given to it in section 1.1(G) (*Acquisitions and disposals*) of Part X (*Operating and Financial Review*);
"**uncertificated" or "in uncertificated form**"	refers to a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"**Underwriters**"	means Morgan Stanley & Co. International plc and J.P. Morgan Securities plc;
"**Underwriting Agreement**"	means the rights issue underwriting and sponsors' agreement dated 21 May 2020 between the Company, the Joint Sponsors and the Underwriters in relation to the Rights Issue, further details of which can be found in section 10 (*Material contracts*) of Part XII (*Additional Information*) of this document;
"**United Kingdom**" or "**UK**"	means the United Kingdom of Great Britain and Northern Ireland;
"**United States**" or "**US**"	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"**US Exchange Act**"	means the US Securities Exchange Act of 1934, as amended;
"**US GAAP**"	means the Generally Accepted Accounting Principles, the accounting standard adopted by the SEC;
"**US Holder**"	has the meaning given to it in Part B, section 1 (*US Federal Income Tax Considerations*) of Part XI (*Taxation*);
"**US Notes**"	means the US private placement loans of £359 million (at the hedge rate) with maturities between August 2020 and August 2027 and "**US Note**" means any one of them;
"**US Securities Act**"	means the US Securities Act of 1933, as amended;
"**Waiver Period Financial Covenants**"	means the financial covenants: (i) that the aggregate amount of the Group's cash (in hand or at bank) together with any undrawn committed bank facilities (including, without limitation, any undrawn amounts under the Revolving Credit Facility) is not less than £400 million; and (ii) that the total net debt of the Group is not greater than £2 billion, which the Company has agreed with the lenders under the Revolving Credit Facility, the holders of the 2011 US Notes and 2017 US Notes and the Trustee during the Covenant Waiver Period, and "**Waiver Period Financial Covenant**" means any one of them;
"**Whitbread Group Pension Fund**"	means the trust based pension scheme of the Group, which has both defined benefit and defined contribution sections;
"**Working Capital Statement**"	means the working capital statement in section 13 (*Working Capital*) of Part XII (*Additional Information*) of this document;
"**VAT**"	means value added tax; and
"**verification of identity requirements**"	has the meaning given to it in section 3.3 (*Money Laundering Regulations*) of Part VII (*Terms and Conditions of the Rights Issue*).

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