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Whitbread PLC
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Whitbread announces its second hotel portfolio acquisition in Germany

Whitbread PLC today announces the acquisition of a portfolio of three independent hotels in Germany, from a private individual operating under the brand "Acomhotel". This is Whitbread's second acquisition in Germany as part of a long-term investment plan in a highly attractive market. The acquisition consideration will not be disclosed and Whitbread's return on capital from the acquisition is expected to be above its weighted-average cost of capital.

The portfolio consists of two leasehold hotels that are open and trading, in Nuremburg and Munich, with the right to purchase the freehold in seven and 13 years respectively. A further leasehold hotel is under construction, in Stuttgart. The three locations together comprise 482 rooms.

All three hotels are in strong locations in German tier one cities, which match Whitbread's network planning targets. They are readily convertible to the Premier Inn format with similar room sizes and comparable ground floor space. Whitbread believes that the conversion to Premier Inn will significantly enhance the existing guest experience.

The hotels will continue to trade under the current "Acomhotel" brand until refurbishment work is completed. Once converted, the hotels will be relaunched as Premier Inn hotels, which is expected to be in early 2020.

Mark Anderson, Whitbread PLC Managing Director Property & International, commented:

"Today's announcement marks another important step in our ambitious growth plan for Germany, as part of our strategic priority to focus on our strengths to grow internationally. We have accelerated our investment in Germany through a mix of organic expansion, supported by focused and ongoing M&A activity. We are building a strong counterparty reputation in Germany in freehold and leasehold property transactions, as well as facilitating exit for independent operators. We look forward to welcoming the Acomhotel team and providing even more attractive Premier Inn hotels for domestic German travellers."

Germany market structure

The German hotel market is around 30% larger than the UK and is highly fragmented with 74% of market share held by smaller independents. The high degree of domestic business travel also makes the German market extremely attractive for the Premier Inn short-stay, domestic traveller focused proposition. Through addition of new high-quality capacity offered to customers at attractive prices, Premier Inn is expected to win market share from independent competitors and develop a successful business of scale of the medium to long-term.

German portfolio overview

Premier Inn currently has three hotels open in Germany, all of which are performing in line with our expectations; one in Frankfurt, one in Hamburg and one Munich. A further 40 hotels are now in the committed pipeline across 16 key cities in Germany:

	Organic	*To be acquired*	***Total***
Open and trading	3 hotels (590 rooms)	17 hotels (2,770 rooms)	**20 hotels (3,360 rooms)**
Committed pipeline	18 hotels (3,690 rooms)	5 hotels (820 rooms)	**23 hotels (4,510 rooms)**
Total	**21 hotels (4,280 rooms)**	**22 hotels (3,590 rooms)**	**43 hotels (7,870 rooms)**

For more information please contact:

Investor queries

Matt Johnson, Whitbread PLC | matt.johnson@whitbread.com | +44 (0) 7848 146 761
Ann Hyams, Whitbread PLC | ann.hyams@whitbread.com | +44 (0) 7796 709 087
Anastasia Pittas, Whitbread PLC | anastasia.pittas@whitbread.com | +44 (0) 7704 537 499

Media queries

Matt Johnson, Whitbread PLC | matt.johnson@whitbread.com | +44 (0) 7848 146 761
David Allchurch / Jessica Reid, Tulchan Communications | +44 (0) 20 7353 4200

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