RNS Number : 7350A
Whitbread PLC
31 May 2019

Proposed Tender Offer
31 May 2019

Whitbread PLC proposes tender offer to return up to £2 billion to Shareholders

Whitbread PLC ("Whitbread" or the "Company") announces the proposed return of up to £2 billion to Shareholders by way of a tender offer, as the second phase of a potential three-phase return of capital programme.

On 3 January 2019, the Group completed the sale of Costa to The Coca-Cola Company (the "Disposal") for an enterprise value of £3.9 billion. After adjustment for transaction and separation costs, the net cash proceeds from the Disposal were £3.8 billion (the "Net Cash Proceeds").

At the Company's Capital Markets Day held on 13 February 2019, Whitbread announced its intention to return a total of at least £2.5 billion of the Net Cash Proceeds to Shareholders, subject to any more value-creating alternative uses for the cash, through a three-phase programme.

The first phase has now been completed, with approximately £480 million returned to Shareholders through the repurchase of Ordinary Shares pursuant to the Company's share buyback programme, which ended on 10 May 2019 (the "Share Buyback Programme").

The Board has decided that the appropriate second phase is to conduct a tender offer to return a maximum of £2 billion (the "Tender Offer", which is summarised below). This phase of the return of capital programme is designed to balance efficiency with recognising the interests of continuing versus exiting shareholders, rather than being designed solely to maximise the amount returned.

Shareholders may decide not to participate fully or partially in the Tender Offer for a number of reasons, including their view of the potential for the value of the Company to increase in the future. If less than £2 billion is returned through the Tender Offer, the Board will consider a possible third phase to return any remaining surplus cash following completion of the Tender Offer.

Key elements of the Tender Offer

- £2 billion is available to be returned to Qualifying Shareholders via the purchase of up to 43,466,603 Ordinary Shares (representing up to approximately 24.99 per cent. of the Issued Ordinary Share Capital).
- Ordinary Shares may be tendered within a price range based on and expressed by reference to the average market price at which Ordinary Shares trade (known as the "volume-weighted average price" or "VWAP") in the five-day period up to and including the Tender Offer closing.
- The VWAP-based prices in the price range extend (in one per cent. increments) from a flat VWAP-based price (with no premium or discount) to a price that is a four per cent. premium over the VWAP-based price.
- A price cap of £50.00 per Ordinary Share has been set as the highest monetary amount at which any Ordinary Share will be purchased under the Tender Offer. The price cap represents the approximate volume-weighted average price of Ordinary Shares for the last 30 days (being the period following the Company's announcement of its preliminary results for the financial year ended 28 February 2019 on 30 April 2019 up to and including the Latest Practicable Date), plus a premium of 10 per cent.
- All successfully tendered Ordinary Shares will be acquired at a single price (the "Strike Price", as described in further detail in section 2 below of this announcement).
- The Tender Offer is conditional on, among other things, the approval of Shareholders, which will be sought at a general meeting of the Company to be held at 2.45 p.m. on 19 June 2019 (or as soon thereafter as the Company's AGM convened for that date has concluded or been adjourned) (the "General Meeting").
- Subject to approval by Shareholders, the Tender Offer will open on 20 June 2019 and will close at 1.00 p.m. on 19 July 2019.
- The absolute price (in pounds and pence per Ordinary Share) to be paid to successfully participating Qualifying Shareholders will be announced as soon as this has been determined, which is expected to be on 22 July 2019, together with the results of the Tender Offer.
- Proceeds are expected to be despatched to Shareholders who successfully tender Ordinary Shares on 30 July 2019.

Benefits of the Tender Offer

- Available to all Qualifying Shareholders regardless of the size of their holdings.
- Provides Qualifying Shareholders who wish to reduce their holdings of Ordinary Shares with an opportunity to do so at a market-driven price with the possibility of a modest premium.
- Shareholders who wish to retain their current investment in Ordinary Shares are not required to participate in the Tender Offer.

The Tender Offer will reduce the number of Ordinary Shares in issue, and so should, assuming earnings stay the same, have a positive impact on the Group's earnings per share (as the Company intends to cancel all of the Ordinary Shares acquired in connection with the Tender Offer).

A shareholder circular (the "Circular") containing the full terms and conditions of the Tender Offer and instructions to Qualifying Shareholders on how to tender their Ordinary Shares should they wish to do so, and convening the General Meeting, will be despatched to Shareholders today. The Circular will also be available on the Company's website at www.whitbread.co.uk/investors/return-of-capital.

Copies of the Circular will be submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/nsm.

This summary should be read in conjunction with the full text of the announcement and the Circular.

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

Amit Mistry, Whitbread PLC | amit.mistry@whitbread.com| +44 (0) 7540 150 350

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

Advisers

Joint financial advisers & corporate brokers | Morgan Stanley, J.P. Morgan Cazenove
Legal adviser | Slaughter and May

THE INFORMATION CONTAINED IN THIS ANNOUNCEMENT IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO AUSTRALIA OR NEW ZEALAND.

PLEASE SEE THE IMPORTANT NOTICE AT THE END OF THIS ANNOUNCEMENT.

WHITBREAD PLC
PROPOSED TENDER OFFER TO RETURN UP TO £2 BILLION TO SHAREHOLDERS

Whitbread PLC ("**Whitbread**" or the "**Company**") announces the proposed return of up to £2 billion to Shareholders by way of a tender offer.

1. BACKGROUND TO AND BENEFITS OF THE TENDER OFFER

Background to the Tender Offer

On 3 January 2019, the Group completed the disposal of Costa to The Coca-Cola Company (the "**Disposal**") for an enterprise value of £3.9 billion. After adjustment for transaction and separation costs, the net cash proceeds from the Disposal were £3.8 billion (the "**Net Cash Proceeds**"). On the same date, Whitbread announced its agreement to use up to £380 million of the Net Cash Proceeds to make a one-off contribution to the Group's defined benefit pension scheme.

At the Company's Capital Markets Day held on 13 February 2019, Whitbread announced that £300 million of the Net Cash Proceeds would be retained to fund a previously committed acquisition of hotels in Germany, which is expected to complete in February 2020, and that approximately £500 million of the Net Cash Proceeds would be retained to reduce Whitbread's net financial indebtedness. Whitbread further announced its intention to return a total of at least £2.5 billion of the Net Cash Proceeds to Shareholders, subject to any more value-creating alternative uses for the cash.

As a first phase, approximately £480 million has already been returned to Shareholders through the repurchase of Ordinary Shares pursuant to the Company's share buyback programme which completed on 10 May 2019 (the "**Share Buyback Programme**").

The Board has decided that the appropriate second phase is to conduct a Tender Offer to return up to a further £2 billion (the "**Return of Value**").

Shareholders may decide not to participate fully or partially in the Tender Offer for a number of reasons, including their view of the potential for the value of the Company to increase in the future. If the full £2 billion is not returned through the Tender Offer, the Board will consider a possible third phase to return any remaining surplus cash following completion of the Tender Offer.

A shareholder circular (the "**Circular**") containing the full terms and conditions of the Tender Offer and instructions to Qualifying Shareholders on how to tender their Ordinary Shares should they wish to do so will be despatched to Shareholders today. The Circular will also be available on the Company's website at www.whitbread.co.uk/investors/return-of-capital.

Why is Whitbread pursuing the Tender Offer?

In line with the Company's announcement to return at least £2.5 billion of cash to Shareholders, we have considered the different ways of returning these funds, and have consulted with Shareholders on the different methods which are typically used, including a special dividend or a "B" share scheme. Following that consideration and consultation, the Board concluded that a Tender Offer is the best way to return a significant amount of capital in a short space of time, taking account of the relative costs, complexity and timeframes of the various possible methods, as well as the likely tax treatment for Shareholders.

Benefits of the Tender Offer for Shareholders

The benefits of the Tender Offer for Shareholders as a whole are that:

- it is available to all Qualifying Shareholders regardless of the size of their holdings;
- it provides Qualifying Shareholders who wish to reduce their holdings of Ordinary Shares with an opportunity to do so at a market-driven price with the possibility of a modest premium; and
- Shareholders who wish to retain their current investment in Ordinary Shares are not required to participate in the Tender Offer.

The Tender Offer will reduce the number of Ordinary Shares in issue, and so should, assuming earnings stay the same, have a positive impact on the Group's earnings per share (as the Company intends to cancel all of the Ordinary Shares acquired in connection with the Tender Offer).

Pricing of the Tender Offer

As described in section 2 below, Qualifying Shareholders will be able to select the price at which they wish to tender their Ordinary Shares for purchase within a range of prices which are based on and expressed by reference to the average market price at which the Ordinary Shares trade (known as the "**volume-weighted average price**" or "**VWAP**") in the five Trading Days up to and including the Closing Date. As explained in section 2 below, the VWAP-based prices in the Price Range extend (in one per cent. increments) from a flat VWAP-based price (with no premium or discount) to a price that is a four per cent. premium over the VWAP-based price. The price paid in the Tender Offer will be determined as described in section 2 below and is subject to the Price Cap described in that section.

The reason for using an average market price in the five Trading Days up to and including the Closing Date as the base for each price in the Price Range is to ensure that, as far as possible, the pricing of the Tender Offer remains connected to the then-market price of the Ordinary Shares. Setting a fixed price, or a fixed range, in pence per Ordinary Share at the outset of the Tender Offer would risk the tender price or range becoming disconnected from the prevailing market price, i.e. higher or lower than the market price at the time of the Tender Offer closing, which could mean that (where the market price is above the tender price or range) the offer would not be generally attractive to Shareholders and take-up would likely be low, or (where the market price is well below the tender price or range) the tendered shares would be purchased at a material premium to the prevailing market price, effectively at the expense of those Shareholders who choose not to tender. By contrast, this risk should be reduced by the dynamic pricing structure where the base for each price in the Price Range is set by taking an average of the actual VWAP trading prices over a five-day trading period up to and including the Closing Date.

While we expect the Price Range to track the market price of an Ordinary Share, it is, however, also a term of the Tender Offer that no Ordinary Shares will be acquired at a price that exceeds a Price Cap of £50.00 per Ordinary Share (a price that represents the approximate volume-weighted average price of Ordinary Shares for the last 30 days (being the period following the Company's announcement of its preliminary results for the financial year ended 28 February 2019 on 30 April 2019 up to and including the Latest Practicable Date), plus a premium of 10 per cent.). Tenders at prices that exceed the Price Cap will be disregarded for the purpose of the Tender Offer.

The use of a dynamic VWAP-based pricing structure means that the absolute price in pounds and pence per Ordinary Share will not be known until after the Tender Offer has closed for acceptances. That is because determination of the price depends on the average market value of the Ordinary Shares in the days leading up to and including the Closing Date, the total number of Ordinary Shares tendered by Qualifying Shareholders, and the prices at which Qualifying Shareholders tender their Ordinary Shares. The Company will announce the absolute price to be paid to successfully participating Qualifying Shareholders as soon as this has been determined, which is expected to be on 22 July 2019, together with the results of the Tender Offer. The Company intends to publish relevant VWAP information on the investor microsite section of its website during the applicable calculation period.

Additional information about the pricing structure and terms of the Tender Offer is set out in section 2 below.

General Meeting to approve the Tender Offer and the potential further stage of the Return of Value

The Tender Offer will require the approval of Shareholders at a general meeting of the Company, which will be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ on 19 June 2019 at 2.45 p.m. or as soon thereafter as the Company's AGM convened for that date has concluded or been

adjourned (the "**General Meeting**").

There is no guarantee that the Tender Offer will return the full sum of £2 billion to Qualifying Shareholders. If the full £2 billion is not returned through the Tender Offer, the Board will at that point consider whether and how best to return the remaining amount to Shareholders, subject to any more value-creating alternative uses for the cash. The potential further stage of the Return of Value could include a special dividend (the "**Special Dividend**") or an extension of the Share Buyback Programme. We are therefore also taking the opportunity at the General Meeting to consider certain other matters which would require shareholder approval if a Special Dividend were to be paid or if the Share Buyback Programme were to be extended, including:

- a resolution authorising the Board to effect a consolidation and sub-division of the Company's share capital (the "**Share Consolidation**"), which may be appropriate if a Special Dividend is paid to ensure that the market price of a New Ordinary Share immediately after the payment of the Special Dividend would be approximately equal to the market price of an Ordinary Share immediately beforehand; and
- a resolution authorising the Company to purchase up to a maximum of 8,693,320 Ordinary Shares, representing approximately 4.99 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date (the "**Additional Buyback Authority**"). This Additional Buyback Authority would be in addition to the general buyback authority for which approval will be sought at the Company's AGM convened for 19 June 2019, but would only be used (a) to return to Shareholders any portion of the £2 billion not returned through the Tender Offer and (b) to the extent that Ordinary Shares acquired under the Additional Buyback Authority would not, when aggregated with the number of Ordinary Shares acquired under the Tender Offer, exceed 43,466,603 Ordinary Shares.

By requesting these authorities now, the Board is seeking to ensure that the Company will be able to act quickly and without the delay and cost of convening a further general meeting, if the Board does subsequently decide to use either a Special Dividend or an extension of the Share Buyback Programme to return all or any portion of the £2 billion not returned by the Tender Offer.

2. THE TENDER OFFER

Overview of the Tender Offer

It is proposed that up to 43,466,603 Ordinary Shares (representing approximately 24.99 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date) be purchased under the Tender Offer, for a maximum aggregate cash consideration of £2 billion.

All Qualifying Shareholders who are on the Register at 6.00 p.m. on 19 July 2019 will be entitled, but not required, to tender some or all of their Ordinary Shares for purchase by Morgan Stanley, acting as principal, at a price (or prices) within the permitted range of VWAP-based prices set out in the Circular.

Subject to satisfaction of the conditions to the Tender Offer, Ordinary Shares which are successfully tendered under the Tender Offer will be purchased at a single price per Ordinary Share (referred to as the "**Strike Price**"), which will be determined at the end of the Tender Offer period in accordance with the mechanism summarised below and set out in detail in the Circular.

The price at which Ordinary Shares will be purchased will be set in a manner that ensures that as much of the £2 billion as possible is returned to Shareholders, and that as many Ordinary Shares as possible are acquired, up to a limit of 43,466,603 Ordinary Shares (which represents just under 25 per cent. of the Issued Ordinary Share Capital at the Latest Practicable Date). The Board has decided to set this sub-25 per cent. limit on the number of Ordinary Shares that may be acquired under the Tender Offer in light of the additional requirements that apply under the Listing Rules to tender offers that are conducted for 25 per cent. or more of a company's issued share capital.

The Tender Offer is to be effected by Morgan Stanley (acting as principal and not as agent, nominee or trustee) purchasing Ordinary Shares from Shareholders. Morgan Stanley, in turn, has the right to require the Company to purchase from it, and can be required by the Company to sell to it, such Ordinary Shares at the Strike Price under an option agreement. All Ordinary Shares purchased by the Company from Morgan Stanley in connection with the Tender Offer will be cancelled.

Full details of the Tender Offer, including the terms and conditions on which it is made, will be set out in the Circular, which Shareholders are advised to read in full.

Options available to Shareholders in respect of the Tender Offer

Qualifying Shareholders are not obliged to tender any Ordinary Shares if they do not wish to do so. If no action is taken by Qualifying Shareholders, there will be no change to the number of Ordinary Shares that they hold and they will receive no cash as a result of the Tender Offer.

Qualifying Shareholders who wish to participate in the Tender Offer can tender their Ordinary Shares in the following ways:

A. submit a tender to sell some or all of their Ordinary Shares at whatever price is ultimately determined under the terms of the Tender Offer to be the Strike Price (referred to as a "**Strike Price Tender**"), without selecting one of the specified VWAP-based prices within the Price Range;

B. submit a tender to sell some or all of their Ordinary Shares at one of the following specified VWAP-based prices within the following range (the "**Price Range**"):

   i. an amount (in pence per Ordinary Share) equal to Average VWAP (rounded down to the nearest whole penny) (the "**Minimum Price**");

   ii. an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 1 per cent. of Average VWAP (rounded down to the nearest whole penny);

   iii. an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 2 per cent. of Average VWAP (rounded down to the nearest whole penny);

   iv. an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 3 per cent. of Average VWAP (rounded down to the nearest whole penny); and

   v. an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to 4 per cent. of Average VWAP (rounded down to the nearest whole penny) (the "**Maximum Price**"); or

C. submit a tender at more than one of the VWAP-based prices within the Price Range (which could include a Strike Price Tender).

The total number of Ordinary Shares tendered by any Qualifying Shareholder must not exceed the total number of Ordinary Shares registered in the name of that Qualifying Shareholder at the Record Date.

Once made, any tender of Ordinary Shares will be irrevocable.

Any tender other than a Strike Price Tender must be made at one of the specified VWAP-based prices within the Price Range.

The Tender Offer will open on 20 June 2019 (unless such date is altered) and tenders must not be submitted before that date. The Tender Offer will close at 1.00 p.m. on 19 July 2019 and tenders received after that time will not be accepted (unless the Closing Date is extended).

The Tender Offer is conditional on, among other things, the passing at the General Meeting of Resolution 1 set out in the Notice of General Meeting.

Price which Shareholders will receive in respect of Ordinary Shares they successfully tender

A single price per Ordinary Share, known as the Strike Price, will be paid in respect of all Ordinary Shares purchased by Morgan Stanley pursuant to the Tender Offer. The Strike Price will be set after the Closing Date, once all of the tenders have been reviewed and the prices in pence per Ordinary Share to which the VWAP-based prices in the Price Range correspond have been calculated.

The Maximum Price at which Ordinary Shares may be tendered is expressed as a percentage above the average market value of Whitbread's Ordinary Shares in the five Trading Days up to and including the Closing Date. The Board has also, however, set a limit of £50.00 per Ordinary Share as the highest monetary amount at which any Ordinary Share will be purchased under the Tender Offer (referred to as the "**Price Cap**").

Once the tenders have been reviewed and the prices in pence per Ordinary Share to which the VWAP-based prices in the Price Range correspond have been calculated, any tenders at a price in excess of the Price Cap (any such price being an "**Excluded Price**") will be disregarded and excluded from the Tender Offer, even if such tenders were priced at a level below the VWAP-based Maximum Price within the Price Range.

The Strike Price will be:

- the lowest price per Ordinary Share in the Price Range at which any valid tender is made (but excluding tenders at Excluded Prices) which would enable the greatest number of Ordinary Shares (whether or not such number equals, exceeds or is less than 43,466,603 Ordinary Shares) to be purchased for a total cost equal to at least £2 billion;

- if the aggregate value at the highest price of any valid tender (excluding tenders at Excluded Prices) of all Ordinary Shares validly tendered by Shareholders is less than £2 billion, the highest price at which any valid tender (excluding tenders at Excluded Prices) is made; or
- if no valid tenders are received other than Strike Price Tenders (being tenders to sell at whatever the Strike Price is determined to be), the Minimum Price (save where the Minimum Price is an Excluded Price, in which case no Ordinary Shares will be acquired under the Tender Offer),

and acceptance of tenders will then be subject, where applicable, to the scaling-down arrangements summarised below.

Number of Ordinary Shares that will be purchased pursuant to the Tender Offer

All Ordinary Shares tendered at a price above the Strike Price will be rejected.

All Shareholders who tender Ordinary Shares at a price below or at the Strike Price or as Strike Price Tenders will receive the Strike Price for all successful tenders accepted subject, where applicable, to the scaling-down arrangements set out in the Circular. Accordingly, where scaling-down applies there is no guarantee that all of the Ordinary Shares which are tendered by Qualifying Shareholders below or at the Strike Price or as Strike Price Tenders will be accepted for purchase. Any tenders which are at a price that exceeds the Strike Price will be rejected.

If more than 43,466,603 Ordinary Shares are validly tendered by Shareholders at a price below or at the Strike Price (or as Strike Price Tenders) (the "**Volume Limit**"), or if the aggregate value of the Ordinary Shares validly tendered by Shareholders at a price below or at the Strike Price (or as Strike Price Tenders) is higher than £2 billion (the "**Value Limit**"), a detailed mechanism will be applied in order to scale down acceptances of validly tendered Ordinary Shares and to determine whether and the extent to which individual tenders are accepted. The order of priority and the nature of the scaling-down arrangements vary depending on whether the Tender Offer is over-subscribed by volume, by value or by both volume and value.

These scaling-down arrangements are relatively complex and should be read in full in the Circular.

In summary:

- where neither the Volume Limit nor the Value Limit is exceeded, all Ordinary Shares validly tendered at or below the Strike Price (including as Strike Price Tenders) will be accepted and tendered at the Strike Price;
- where only the Value Limit is exceeded, tenders are scaled down so that their aggregate value is below the Value Limit and, in doing that, priority is given to Ordinary Shares tendered below the Strike Price or as a Strike Price Tender, with alternative arrangements applying where the Strike Price is at the Minimum Price;
- where only the Volume Limit is exceeded, tenders are scaled down so that the aggregate number of Ordinary Shares is below the Volume Limit and, in doing that, priority is given to Ordinary Shares tendered at or below the Strike Price (including as Strike Price Tenders) and to Ordinary Shares within the first 24.99 per cent. of a Shareholder's holding; and
- where both the Value Limit and the Volume Limit are exceeded, tenders are scaled down so that neither limit is exceeded. To do that, where the Strike Price is above the Minimum Price, priority is given to Ordinary Shares tendered below the Strike Price or as a Strike Price Tender to ensure that the Value Limit is respected. If further scaling-down is still needed to respect the Volume Limit, then, in achieving that, priority is given to Ordinary Shares within the first 24.99 per cent. of a Shareholder's holding. Alternative arrangements apply where the Strike Price is at the Minimum Price.

Guaranteed Entitlement

If the Tender Offer is over-subscribed by volume, by value or by volume and value, Qualifying Shareholders who tendered at the lower price points (by submitting Strike Price Tenders or tenders below the Strike Price) will be guaranteed a minimum level of participation in the Tender Offer (known as their " **Guaranteed Entitlement**"). The precise level of this Guaranteed Entitlement will vary depending on the nature and extent of the over-subscription and whether the Strike Price is at or above the Minimum Price.

Like the scaling-down arrangements, these Guaranteed Entitlement arrangements are relatively complex and should be read in full in the Circular.

Circumstances in which the Tender Offer may not proceed

There is no guarantee that the Tender Offer will take place. The Tender Offer is conditional on the passing of Resolution 1 set out in the Notice of General Meeting. The Tender Offer is also conditional on other matters, including:

- receipt of valid tenders in respect of at least 1,738,664 Ordinary Shares (representing approximately one per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date) by 1.00 p.m. on the Closing Date and there continuing to be valid tenders in respect of at least such number of Ordinary Shares following any exclusion of tenders at Excluded Prices;
- the Strike Price being at or above the nominal value of an Ordinary Share; and
- the Tender Offer not having been terminated in accordance with its terms and the Company having confirmed to Morgan Stanley that it will not exercise its right to require Morgan Stanley not to proceed with the Tender Offer.

The Board has reserved the right, at any time prior to the Tender Offer becoming unconditional, to require Morgan Stanley not to proceed with the Tender Offer if the Board concludes that the implementation of the Tender Offer is no longer in the best interests of the Company and/or Shareholders as a whole. The Board has also reserved the right, at any time prior to the announcement of the results of the Tender Offer, with the prior consent of Morgan Stanley, to revise the aggregate value of the Tender Offer, or to extend the period during which the Tender Offer is open, based on market conditions and/or other factors, subject to compliance with applicable legal and regulatory requirements.

If the Tender Offer does not occur, the Group will have on its balance sheet the £2 billion of cash that is proposed to be returned. Holding this amount of cash means that the Group is likely to receive a reduced return on capital while the Board considers how best to deploy or return these funds. The Board is of the opinion that, subject to any value-creating alternatives, this cash is surplus to the requirements of the Group and that it would be in the best interests of the Company and Shareholders as a whole not to retain this cash on the Group's balance sheet.

Results announcement and Unconditional Date

As set out in the timetable below, it is expected that the Strike Price and the results of the Tender Offer will be announced on 22 July 2019. Following that announcement, the Tender Offer will still be subject to the remaining Conditions described in the Circular. At such time as the Tender Offer becomes unconditional, which is expected to be on 23 July 2019, the Company will make an announcement to that effect through a Regulatory Information Service. Settlement is then expected to take place as set out in the timetable below.

Full terms and conditions of the Tender Offer

Full details of the Tender Offer, including the terms and conditions on which it is made, are set out in the Circular.

3. EXPECTED TIMETABLE

Latest time and date for receipt of Forms of Proxy for the General Meeting	2.45 p.m. on 17 June 2019
General Meeting	2.45 p.m. on 19 June 2019
Tender Offer opens (subject to the passing at the General Meeting of Resolution 1 set out in the Notice of General Meeting)	20 June 2019
Latest time and date for receipt of Tender Forms and share certificates or other documents of title for tendered certificated Ordinary Shares (i.e. close of the Tender Offer)	1.00 p.m. on 19 July 2019
Latest time and date for settlement of TTE Instructions for tendered uncertificated Ordinary Shares (i.e. close of the Tender Offer)	1.00 p.m. on 19 July 2019
Record Date for the Tender Offer	6.00 p.m. on 19 July 2019
Announcement of the Strike Price and the results of the Tender Offer	22 July 2019
Unconditional Date for the Tender Offer and purchase of Ordinary Shares under the Tender Offer	23 July 2019

CREST accounts credited with unsuccessfully tendered uncertificated Ordinary Shares	24 July 2019
CREST accounts credited in respect of Tender Offer proceeds for uncertificated Ordinary Shares	30 July 2019
Cheques despatched, and (where applicable) Bacs payments made, in respect of Tender Offer proceeds for certificated Ordinary Shares	30 July 2019
Return of share certificates in respect of unsuccessful tenders of certificated Ordinary Shares	30 July 2019
Despatch of balance share certificates in respect of unsold Ordinary Shares in certificated form	30 July 2019

Each of the times and dates in the table above is indicative only and may be subject to change by Whitbread, in which event details of the new times and dates will be notified to Shareholders by announcement through a Regulatory Information Service.

All references to times in the timetable above are to London times.

The General Meeting will commence at the stated time or as soon thereafter as the Company's AGM convened for that date has concluded or been adjourned.

4. DIVIDENDS

It is not expected that the Tender Offer will have any impact on Whitbread's dividend policy.

5. TAKEOVER CODE

Morgan Stanley may purchase, as principal and not as agent, nominee or trustee, Ordinary Shares under the Tender Offer, which could result in Morgan Stanley owning up to approximately 24.99 per cent. of the Issued Ordinary Share Capital. It is possible that entities within the group of which Morgan Stanley is part hold or come to hold other interests in the Issued Ordinary Share Capital and that, in certain cases, those interests could be subject to aggregation with any Ordinary Shares acquired under the Tender Offer for the purposes of Rule 9 of the Takeover Code. As such, it is possible that the aggregated holdings of Morgan Stanley and persons in concert with it could result in a requirement to make a general offer under Rule 9. Morgan Stanley has indicated its intention that, shortly after the purchase of Ordinary Shares under the Tender Offer, it will sell all those Ordinary Shares to the Company for cancellation. Accordingly, in the event that the purchase of Ordinary Shares under the Tender Offer were to result in Morgan Stanley and persons acting in concert with it becoming subject to a requirement to make a general offer under Rule 9 of the Takeover Code, Morgan Stanley would seek to obtain a waiver from the Panel on Takeovers and Mergers in respect of the application of Rule 9 to the purchase by Morgan Stanley of Ordinary Shares under the Tender Offer.

6. GENERAL MEETING

Implementation of the Tender Offer requires the approval of certain matters by Shareholders at a general meeting of the Company. Accordingly the Company is convening the General Meeting to be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ at 2.45 p.m. on 19 June 2019 or as soon thereafter as the Company's AGM convened for that date has concluded or been adjourned.

Four resolutions will be proposed at the General Meeting. Three of the Resolutions are special resolutions, the passing of which requires at least 75 per cent. of the votes cast (whether in person or by proxy) to be in favour. One of the Resolutions is an ordinary resolution, the passing of which requires more than 50 per cent. of the votes cast (whether in person or by proxy) to be in favour.

Resolution 1, which is a special resolution, seeks authority to make market purchases of Ordinary Shares in connection with the Tender Offer. The Resolution specifies the maximum number of Ordinary Shares which may be acquired, and the maximum and minimum prices at which Ordinary Shares may be acquired, pursuant to this authority. The authority sought will expire on 31 December 2019.

Resolution 2, which is an ordinary resolution, seeks shareholder approval of the Share Consolidation which may be implemented in the event that all or part of any further stage of the Return of Value is undertaken by payment of a Special Dividend.

Resolution 3, which is a special resolution, proposes that, conditional on the Share Consolidation taking effect, the articles of association of the Company be amended by substituting the nominal value of the New Ordinary Shares.

Resolution 4, which is a special resolution, seeks authority to make market purchases of Ordinary Shares for the purposes of any further stage of the Return of Value. The Resolution specifies the maximum number of Ordinary Shares that may be acquired, and the maximum and minimum prices at which Ordinary Shares may be acquired, pursuant to this authority. The authority sought will expire at the conclusion of the AGM of the Company to be held in 2020 or, if earlier, 18 September 2020.

7. FINANCIAL ADVICE

The Board has received financial advice from J.P. Morgan Cazenove and Morgan Stanley in relation to the Return of Value. In providing their financial advice, J.P. Morgan Cazenove and Morgan Stanley have relied upon the Board's commercial assessments.

8. RECOMMENDATION

The Board considers the Return of Value and the Resolutions to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do for their respective individual beneficial holdings of, in aggregate, 100,646 Ordinary Shares, representing approximately 0.06 per cent. of the Issued Ordinary Share Capital as at the Latest Practicable Date.

The Board makes no recommendation to Shareholders in relation to participation in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Ordinary Shares will depend on, among other things, their view of Whitbread's prospects and their own individual circumstances, including their tax position. Shareholders need to take their own decision and are recommended to consult their duly authorised independent advisers.

9. DIRECTORS' INTENTIONS

Each of the Directors has confirmed that he or she does not intend to tender through the Tender Offer any of his or her current individual beneficial holding of Ordinary Shares.

DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise:

AGM	annual general meeting;
Average VWAP	the arithmetic average of the Daily VWAPs for the Trading Days comprising the Relevant Trading Period, as determined by Morgan Stanley (acting reasonably and on the basis of industry standard metrics and information);
Board or **Directors**	the board of directors of Whitbread;
certificated or in certificated form	recorded on the Register as being held in certificated form (that is, not in CREST);
Closing Date	19 July 2019 or such other date as may be determined in accordance with the Circular;
Company or Whitbread	Whitbread PLC, a public limited company incorporated in England and Wales with registered number 04120344, whose registered office is at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE;

Costa	Costa Limited, a private limited company incorporated in England and Wales with registered number 01270695;
CREST	the paperless settlement procedure operated by Euroclear enabling system securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument;
CREST Manual	the rules governing the operation of CREST as published by Euroclear and as amended from time to time;
Daily VWAP	the daily volume-weighted average price per Ordinary Share for a particular Trading Day as derived from the trading in the Ordinary Shares on the Main Market on the relevant Trading Day and taken from Bloomberg page VWAP (or such other Bloomberg page that may replace it from time to time) with Custom Condition Codes referencing all electronically matched trades automatically executed on the Main Market, including all trades executed during the opening and closing auctions on the Main Market but excluding any off-order book transactions (and where any such matters require the exercise of discretion, such discretion shall be exercised by Morgan Stanley (acting reasonably and on the basis of industry standard metrics and available information));
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made under Part VI of FSMA (and contained in the FCA's publication of the same name), as amended from time to time;
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST;
FCA or Financial Conduct Authority	the Financial Conduct Authority of the United Kingdom;
Financial Advisers	J.P. Morgan Cazenove and Morgan Stanley together;
FSMA	Financial Services and Markets Act 2000, as amended from time to time;
General Meeting	the general meeting of Whitbread, to be held at Church House Conference Centre, Dean's Yard, Westminster, London SW1P 3NZ at 2.45 p.m. on 19 June 2019 or as soon thereafter as the Company's AGM convened for that date has concluded or been adjourned, or any adjournment thereof, notice of which is set out at the end of the Circular;
Group	Whitbread together with its subsidiaries and subsidiary undertakings;
Issued Ordinary Share Capital	the Company's issued ordinary share capital, excluding any treasury shares and excluding, for the avoidance of doubt, the B Shares (as defined in the articles of association of the Company) and C Shares (as defined in the articles of association of the Company);
J.P. Morgan Cazenove	J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove);
Latest Practicable Date	29 May 2019, being the latest practicable date prior to the publication of the Circular;
Listing Rules	the listing rules made under Part VI of FSMA (and contained in the FCA's publication of the same name), as amended from time to time;
London Stock Exchange	London Stock Exchange plc;
Main Market	the main market for listed securities maintained by the London Stock Exchange;
Market Abuse Regulation	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse;
Maximum Price	an amount (in pence per Ordinary Share) equal to Average VWAP plus an amount equal to four per cent. of Average VWAP (rounded down to the nearest whole penny);
Minimum Price	an amount (in pence per Ordinary Share) equal to Average VWAP (rounded down to the nearest whole penny);
Morgan Stanley	Morgan Stanley & Co. International plc;
New Ordinary Shares	the ordinary shares in the capital of the Company following any Share Consolidation;
Notice of General Meeting	the notice of the General Meeting which is set out at the end of the Circular;
Ordinary Shares	ordinary shares with a nominal value of 76 122/153 pence each in the capital of Whitbread (or, where the context requires, with such other nominal value as an ordinary share in the Company may have following any Share Consolidation);
Overseas Shareholder	a Shareholder who is resident in, or a citizen of, a jurisdiction outside the United Kingdom;
Price Cap	£50.00 per Ordinary Share;
Q1 2019	the 13-week period ended 30 May 2019;
Qualifying Shareholders	Shareholders other than those with a registered address in any of the Restricted Jurisdictions;
Record Date	6.00 p.m. on 19 July 2019 or such other time and date as may be determined by the Company in its sole discretion in the event that the Closing Date is altered in accordance with the Circular;
Register	the register of members of Whitbread;
Regulatory Information Service	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies;
Relevant Trading Period	the period of five Trading Days up to and including the Closing Date;
Resolutions	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting;
Restricted Jurisdictions	Australia and New Zealand;
Shareholders	holders of Ordinary Shares from time to time;

Strike Price	the per share price at which Morgan Stanley will purchase Ordinary Shares pursuant to the Tender Offer, which will be determined in accordance with the provisions set out in the Circular and which in any event shall not exceed the Price Cap;
Strike Price Tender	a tender of Ordinary Shares at the Strike Price rather than at a specific price within the Price Range;
subsidiary	has the meaning given to that term in section 1159 of the Companies Act 2006;
subsidiary undertaking	has the meaning given to that term in section 1162 of the Companies Act 2006;
Takeover Code	the City Code on Takeovers and Mergers;
Tender Form	the tender form issued with the Circular to Qualifying Shareholders who hold their Ordinary Shares in certificated form;
Trading Day	any day on which the Main Market is ordinarily scheduled to open for trading during normal market hours;
TTE Instruction	a transfer to escrow instruction (as defined by the CREST Manual);
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
uncertificated or in uncertificated form	recorded on the Register 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;
US or United States	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction;
US Exchange Act	the US Securities Exchange Act of 1934, as amended;
US Shareholder	a Shareholder who, for US federal income tax purposes, is a beneficial owner of Ordinary Shares and who is: (i) an individual that is a citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia, or (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source;
Value Limit	£2 billion;
Volume Limit	43,466,603 Ordinary Shares; and
VWAP	volume-weighted average price.

IMPORTANT NOTICE

This announcement does not constitute or form part of an offer or invitation, or a solicitation of any offer or invitation, to purchase any Ordinary Shares or other securities.

The full terms and conditions of the Tender Offer will be set out in the Circular, which Shareholders are advised to read in full. Any response to the Tender Offer should be made only on the basis of the information in the Circular.

J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("**J.P. Morgan Cazenove**"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as financial adviser and corporate broker exclusively for Whitbread and for no-one else in connection with the Return of Value and will not be responsible to any person other than Whitbread for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in relation to the matters described in this announcement.

Morgan Stanley & Co. International plc ("**Morgan Stanley**"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting as financial adviser and corporate broker exclusively for Whitbread and for no-one else in connection with the Return of Value and will not be responsible to any person other than Whitbread for providing the protections afforded to clients of Morgan Stanley or for providing advice in relation to the matters described in this announcement.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove and Morgan Stanley (the "**Financial Advisers**") under FSMA or the regulatory regime established thereunder: (i) none of the Financial Advisers or any persons associated or affiliated with either of them accepts any responsibility whatsoever or makes any warranty or representation, express or implied, in relation to the contents of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by, or on behalf of it, Whitbread or the Directors, in connection with Whitbread and/or the Tender Offer; and (ii) each of the Financial Advisers accordingly disclaims, to the fullest extent permitted by law, all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this announcement or any such statement.

Cautionary statement regarding forward-looking statements

This announcement includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms anticipates, believes, could, estimates, expects, intends, may, plans, projects, should or will, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this announcement reflect Whitbread's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group and its operations, results of operations and growth strategy. Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the rules of the London Stock Exchange), Whitbread is not under any obligation and Whitbread expressly disclaims any intention or obligation (to the maximum extent permitted by law) to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overseas Shareholders

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Shareholders who are not resident in the United Kingdom should read paragraph 6 of Part III (*Details of the Tender Offer*) of the Circular and should inform themselves about, and observe, any applicable legal or regulatory requirements.

The Tender Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and e-mail) of interstate or foreign commerce of, or any facilities of a national securities exchange of, any Restricted Jurisdiction and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction. Accordingly, unless otherwise determined by the Company and permitted by applicable law and regulation, neither the Circular nor the Tender Form nor any related document is being, nor may it be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed, or sent in, into or from any Restricted Jurisdiction, and persons receiving the Circular, the Tender Form and/or any related document (including, without limitation, trustees, nominees or custodians) must not mail or otherwise forward, distribute or send it in, into or from such Restricted Jurisdiction, as to do so may invalidate any purported acceptance of the Tender Offer. Any person (including, without limitation, trustees, nominees or custodians) who would or otherwise intends to, or who may have a contractual or legal obligation to, forward the Circular, the Tender Form and/or any related document to any jurisdiction outside the United Kingdom, should seek appropriate advice before taking any action.

US Shareholders

The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act. The Tender Offer will be made in the US in accordance with the requirements of Regulation 14E under the US Exchange Act to the extent applicable. Certain provisions of Regulation 14E under

the US Exchange Act are not applicable to the Tender Offer by virtue of Rule 14d-1(d) under the US Exchange Act. Morgan Stanley & Co. LLC, an affiliate of Morgan Stanley will act as US dealer manager with respect to the Tender Offer in the United States to the extent required. US Shareholders should note that the Ordinary Shares are not listed on a US securities exchange and the Company is not subject to the periodic reporting requirements of the US Exchange Act and is not required to, and does not, file any reports with the US Securities and Exchange Commission thereunder.

It may be difficult for US Shareholders to enforce certain rights and claims arising in connection with the Tender Offer under US federal securities laws since the Company is located outside the US and most of its officers and directors may reside outside the US. It may not be possible to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. It also may not be possible to compel a non-US company or its affiliates to subject themselves to a US court's judgment.

The receipt of cash pursuant to the Tender Offer by a Shareholder who is a US person may be a taxable transaction for US federal income tax purposes. The Circular sets out a guide to certain US tax consequences of the Tender Offer for Shareholders under current US law. However, each such Shareholder should consult and seek individual advice from an appropriate professional adviser.

While the Tender Offer is being made available to Shareholders in the US, the right to tender Ordinary Shares is not being made available in any jurisdiction in the US in which the making of the Tender Offer or the right to tender such Ordinary Shares would not be in compliance with the laws of such jurisdiction.

This announcement has not been approved, disapproved or otherwise recommended by the US Securities and Exchange Commission or any US state securities commission and such authorities have not confirmed the accuracy or determined the adequacy of this announcement. Any representation to the contrary is a criminal offence in the US.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

TENDFLBXKEFXBBZ