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Acquisition in Germany
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Whitbread announces a significant acquisition of a portfolio of 19 hotels in Germany, an important step in scaling its business internationally

Whitbread announces today the acquisition of a portfolio of 19 hotels in Germany, from Foremost Hospitality Group GmbH, for an undisclosed sum. This acquisition will give Premier Inn substantial presence in the German hotel market, increasing the total committed network pipeline to 31 hotels with over 5,700 rooms across 15 key cities that are all expected to be open by the end of 2020. This acquisition is an important step in accelerating Whitbread's existing international strategy and in replicating Premier Inn UK's success and network scale in this key strategic market. Whitbread will continue to explore options to further accelerate growth in Germany, through a mix of freehold property developments, leasehold sites and acquisitions of small existing hotel portfolios.

Alison Brittain, CEO of Whitbread commented; *"One of our three key strategic priorities is to focus on building strong and sustainable growth in key international markets. Today's announcement marks the next stage in our ambitious growth plan for the Premier Inn brand in Germany. We believe Germany has many of the structural growth drivers that have underpinned the success of Premier Inn in the UK and that Germany is a market that will deliver strong returns in the future.*

This acquisition mirrors the strategic opportunity that we identified with Costa in China, where we recently bought out Costa's South China joint venture partner. Whitbread's strong businesses still have considerable growth opportunities in the UK, however, these two transactions and our continued investment in these new markets, gives us confidence in our ability to build international businesses of scale in both Germany and China, that will underpin our growth for decades to come."

The acquisition in Germany includes 13 leasehold hotels (comprising 2,140 rooms), which are already open and trading, and six committed pipeline leasehold hotels (comprising around 970 rooms), the majority of which will open over the next two years. The hotels are all in proven prime locations, are of high quality and can be readily rebranded to Premier Inn. The transaction and consideration are conditional upon obtaining consent from landlords to rebrand the hotels and upon the termination of the franchise agreements with the current franchisor. This could take up to two years for the 13 trading hotels. The hotels being acquired will continue trading under their current brand, in advance of being refurbished in to the Premier Inn brand. The acquisition is expected to be earnings enhancing the year after completion.

Premier Inn currently has one hotel open in Frankfurt and a further eleven hotels in its committed pipeline across key cities in Germany, having recently secured an additional organic development in Munich for 216 bedrooms. The German hotel market is 35% larger than the UK and similar to the UK ten years ago, it is experiencing a structural shift from independent hotels to branded hotels. The branded budget hotel sector is the fastest beneficiary of this shift, but still only represents a 6% market share, compared to 24% in the UK. With only moderate growth expected from other brands, Premier Inn's strong quality and value credentials provide a long-term opportunity to establish a major hotel brand and develop a successful business of scale in this attractive market.

German hotel portfolio overview

	Organic	*To be acquired*	***Total***
Open and trading	1 hotels (210 rooms)	13 hotels (2,140 rooms)	**14 hotels (2,350 rooms)**
Committed pipeline	11 hotels (2,400 rooms)	6 hotels (970 rooms)	**17 hotels (3,370 rooms)**
Total	**12 hotels (2,610 rooms)**	**19 hotels (3,110 rooms)**	**31 hotels (5,720 rooms)**

This announcement contains inside information.

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Footnotes and definitions are contained at the end of this statement.

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