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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, fund manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Ordinary Shares, please forward this document, together with the accompanying documents as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or the transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain this document and the accompanying documents and consult with the bank, stockbroker or other agent through whom the sale or transfer was effected as to the action you should take.

Any person (including, without limitation, custodians, nominees, and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the United Kingdom should seek appropriate advice before taking any such action. The distribution of this document and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law. Any person not in the United Kingdom into whose possession this document and any accompanying 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 of any such jurisdiction.

WHITBREAD PLC

(Incorporated and registered in England and Wales with registered number 04120344)

Proposed sale of Costa Limited and Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I (Letter from the Chairman) of this document and which contains the recommendation from the Board that you vote in favour of the Resolution to be proposed at the General Meeting referred to below.

Please read the whole of this document. In particular, your attention is drawn to the risk factors set out in Part II (Risk factors) of this document.

Notice of a General Meeting of the Company to be held at Goldman Sachs International, River Court/Brook House, 120 Fleet Street, London EC4A 2BE at 2.00 p.m. on 10 October 2018 is set out at the end of this document. A Form of Proxy for use in connection with the General Meeting is enclosed with this document. Whether or not you intend to attend the General Meeting in person, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed on it so as to be received by the Registrar, Link Asset Services, at Link Asset Services, Whitbread Share Register, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, no later than 2.00 p.m. on 8 October 2018 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting). If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar, Link Asset Services (CREST participant ID RA10), so that it is received by no later than 2.00 p.m. on 8 October 2018 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting). Proxy appointments may also be submitted via the internet at www.whitbread-shares.com so that the appointment is received by no later than 2.00 p.m. on 8 October 2018 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting). The completion and return of a Form of Proxy, the submission of a CREST Proxy Instruction or the electronic registration of a proxy appointment, will not preclude you from attending and voting in person at the General Meeting, or any adjournment thereof, if you wish to do so and are so entitled.

Goldman Sachs International ("**Goldman Sachs**"), 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 exclusively as sponsor and financial adviser to Whitbread and for no one else in connection with the Transaction and will not be responsible to anyone other than Whitbread for providing the protections afforded to clients of Goldman Sachs or for providing advice in relation to the Transaction, the contents of this document or any transaction, arrangement or other matter referred to in this document.

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 exclusively as sponsor, financial adviser and corporate broker to Whitbread and for no one else in connection with the Transaction and will not be responsible to anyone other than Whitbread for providing the protections afforded to clients of Morgan Stanley or for providing advice in relation to the Transaction, the contents of this document or any transaction, arrangement or other matter referred to in this document.

Deutsche Bank AG is authorised under German banking law (competent authority: European Central Bank) and the Prudential Regulation Authority in the United Kingdom. It is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority. Deutsche Bank AG, acting through its London branch ("**Deutsche Bank**"), is acting as financial adviser and corporate broker to Whitbread and for no one else in connection with the Transaction and will not be responsible to anyone other than Whitbread for providing the protections afforded to clients of Deutsche Bank or for providing advice in relation to the Transaction, the contents of this document or any transaction, arrangement or other matter referred to in this document.

This document is dated 21 September 2018.

PRESENTATION OF INFORMATION

FORWARD-LOOKING STATEMENTS

This document 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.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding Whitbread and its intentions, beliefs or current expectations concerning, among other things, the business, results of operations, prospects, growth and strategies of the Group, Costa and the Retained Group.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of operations of the Group, Costa or the Retained Group, and the developments in the industries in which they operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the results of operations of the Group, Costa or the Retained Group and the developments in the industries in which they operate 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. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in law and regulation, currency fluctuations, changes in business strategy and political and economic uncertainty.

Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this document 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. **Shareholders should specifically consider the factors identified in this document which could cause actual results to differ before making a decision on the Transaction.**

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), 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.

The above explanatory wording regarding forward-looking statements does not in any way seek to qualify the statement regarding working capital that can be found at paragraph 11 of Part VI (Additional information) of this document.

PRESENTATION OF CURRENCIES

Unless otherwise indicated, all references to "GBP", "£", "pounds", "sterling", or "pounds sterling" are to the lawful currency of the United Kingdom and all references to "USD", "\$", "US\$", "US dollars" or "United States dollars" are to the lawful currency of the United States.

NON-IFRS MEASURES

The Group uses a range of measures to monitor the financial performance of the Group, including in this document. These measures include both statutory measures in accordance with IFRS and alternative performance measures ("**APMs**") which are consistent with the way that business performance is measured internally.

The Group uses underlying measures because it believes they provide both management and investors with useful additional information about the financial performance of the Group's businesses.

Underlying measures of profitability represent the equivalent IFRS measures adjusted for specific items that the Group considers relevant for comparison of the financial performance of the Group's businesses either from one period to another or with other similar businesses. 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.

ROUNDING

Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Certain financial data have also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

DEFINITIONS

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in Part VIII (Definitions) of this document.

INCORPORATION BY REFERENCE

Certain information in relation to the Company is incorporated by reference into this document. Further information is set out in Part VII (Information incorporated by reference) of this document. Without limitation, unless expressly stated herein, the contents of the websites of the Group, and any links accessible through the websites of the Group, do not form part of this document.

NO PROFIT FORECAST OR ESTIMATES

Unless otherwise stated, no statement 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, earnings per share or income, cash flow from operations or free cash flow for the Group, Costa or the Retained Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the Group, Costa or the Retained Group, as appropriate.

NO OFFER OR SOLICITATION

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below 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 the Financial Conduct Authority and, where appropriate, to Shareholders by announcement through a Regulatory Information Service.

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

Announcement of the Transaction	31 August 2018
Publication and posting of this document, the Notice of General Meeting and the Form of Proxy	21 September 2018
Latest time and date for receipt of Forms of Proxy, CREST Proxy Instructions and electronic registration of a proxy appointment	2.00 p.m. on 8 October 2018
Record time for entitlement to vote at the General Meeting	Close of business on 8 October 2018
General Meeting	2.00 p.m. on 10 October 2018
Expected timing of Completion	First half of 2019

CORPORATE DETAILS AND ADVISERS

Directors	Adam Crozier (<i>Chairman</i>) Alison Brittain (<i>Chief Executive</i>) Nicholas Cadbury (<i>Group Finance Director</i>) Louise Smalley (<i>Group HR Director</i>) Richard Gillingwater (<i>Senior Independent Non-Executive Director</i>) Chris Kennedy (<i>Independent Non-Executive Director</i>) Deanna Oppenheimer (<i>Independent Non-Executive Director</i>) Susan Taylor Martin (<i>Independent Non-Executive Director</i>) David Atkins (<i>Independent Non-Executive Director</i>)
General counsel and Company secretary	Chris Vaughan
Registered office	Whitbread Court Houghton Hall Business Park Porz Avenue Dunstable Bedfordshire LU5 5XE
Joint sponsor and joint financial adviser	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB
Joint sponsor, joint financial adviser and joint corporate broker	Morgan Stanley & Co. International plc 25 Cabot Square, Canary Wharf London E14 4QA
Joint financial adviser and joint corporate broker	Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB
Legal adviser to Whitbread	Slaughter and May One Bunhill Row London EC1Y 8YY
Legal adviser to the joint sponsors	Ashurst LLP Broadwalk House 5 Appold Street London EC2A 2HA
Reporting accountants	Deloitte LLP 1 New Street Square London EC4A 3HQ
Registrar	Link Asset Services 65 Gresham Street London EC2V 7NQ

PART I
LETTER FROM THE CHAIRMAN

WHITBREAD PLC

(Incorporated and registered in England and Wales with No. 04120344)

Directors

Adam Crozier
Alison Brittain
Nicholas Cadbury
Louise Smalley
Richard Gillingwater
Chris Kennedy
Deanna Oppenheimer
Susan Taylor Martin
David Atkins

Registered Office

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

21 September 2018

Dear Shareholder,

Proposed Sale of Costa Limited
and
Notice of General Meeting

1. Introduction

On 31 August 2018, Whitbread PLC (the “**Company**”) announced that it had entered into an agreement to sell Costa Limited (“**Costa**”) to The Coca-Cola Company (“**Coca-Cola**”), for an enterprise value of £3.9 billion. The principal terms of the Sale and Purchase Agreement are set out in paragraph 5 of this letter and in Part III (Summary of the principal terms of the Transaction Documents) of this document.

The Board believes the Transaction sale multiple of 16.4x Costa FY18 EBITDA recognises the strategic value of Costa’s brand strength, multi-channel presence and international growth potential and represents a substantial premium to the value that would have been created through the previously announced demerger (which, subject to Completion, will no longer occur) given Coca-Cola’s leading global product development, distribution, marketing and vending platform.

After adjustment for estimated transaction and separation costs, the net cash proceeds from the Transaction are expected to be approximately £3.8 billion (the “**Net Cash Proceeds**”) and the Board intends to return a significant majority of the Net Cash Proceeds to Shareholders. The Board also intends to use some of the Net Cash Proceeds to reduce the Group’s financial indebtedness and to make a contribution to its pension fund, both of which will provide headroom for further expansion of Premier Inn in the UK and Germany. Further details on the use of proceeds are set out in paragraph 6 of this letter.

The Transaction constitutes a Class 1 transaction for the Company under the Listing Rules and is, therefore, conditional upon the approval of Shareholders. The Transaction is also conditional on antitrust clearances from the European Commission and China’s State Administration for Market Regulation. Coca-Cola has agreed to use its best endeavours to fulfil these antitrust conditions as soon as practicable after 31 August 2018 and, in any event, on or before 1 March 2019 (or any later date up to 60 business days after 1 March 2019 to which satisfaction of such conditions is postponed by either Whitbread Group PLC or Coca-Cola). Completion of the Transaction is expected to occur in the first half of 2019.

The purpose of this document is to provide you with information on the Transaction and to explain why the Directors believe the Transaction is in the best interests of Shareholders as a whole. The Directors unanimously recommend that Shareholders vote in favour of the Resolution at the General Meeting, as the Directors intend to do in respect of their aggregate shareholdings in the Company representing

0.0462 per cent. of the Company’s current issued share capital as at 20 September 2018 (being the latest practicable date before publication of this document).

Shareholders should read the whole of this document and not only rely on the summarised information set out in this letter. Shareholders will find definitions for capitalised terms used in this letter and the rest of this document in Part VIII (Definitions) of this document.

2. Background to and reasons for the Transaction

On 25 April 2018, the Company announced its intention to pursue the demerger of Costa in order to provide Shareholders with investments in two distinct, focused and market-leading businesses. The Company committed to pursue the demerger as fast as appropriate and practical to optimise value for Shareholders.

Following the announcement to demerge Costa, the Board continued to evaluate all options in order to maximise value for Shareholders. Subsequently, Coca-Cola approached Whitbread with a highly compelling offer to acquire Costa. The Board unanimously agreed that the Transaction is in the best interests of Shareholders and other stakeholders as a whole for the following reasons:

- the Transaction recognises the strategic value of Costa’s brand strength, multi-channel presence and international growth potential;
- the Transaction represents an enterprise valuation multiple of 16.4x Costa FY18 EBITDA;
- the valuation is significantly higher than the value that was reflected for Costa in Whitbread’s market value prior to the announcement of the sale of Costa on 31 August 2018;
- the Transaction provides a substantial premium to the value that would be created by Costa as a separately listed entity through the previously announced demerger, given Coca-Cola’s leading global product development, distribution, marketing and vending platform;
- the Transaction accelerates the realisation of value in cash; and
- the Transaction will enable enhanced focus and investment in Whitbread’s attractive growth opportunities available for Premier Inn in the UK and Germany.

3. Information on Costa

Costa is a leading international coffee brand and the UK’s favourite coffee shop, with over 2,400 coffee shops in the UK and around 1,400 stores in more than 30 international markets. Costa also operates the fast-growing self-serve business, Costa Express, with over 8,000 Costa Express self-serve machines in ten countries. Costa also operates an in-home distribution and wholesale coffee business with high potential. Whitbread acquired Costa in 1995 when it owned 39 stores and has grown the business into the successful business it is today.

Costa roasts almost all the coffee sold in its outlets across the world at its roastery in Basildon, Essex. The table below shows the number of stores and self-serve machines in each segment of the Costa business, together with the revenue made by each unit.

	<u>UK Stores</u>	<u>UK Express</u>	<u>International</u>
Revenue (for the year ended 1 March 2018)	£921 million	£210 million	£161 million
Outlets (as at 1 March 2018)	2,422 stores	7,248 machines	1,399 stores 989 machines

Costa UK Stores comprises wholly-owned and franchise coffee shops in the UK, together with a wholesaling and in-home distribution business, whereby other businesses purchase coffee from Costa and serve it to their customers under the Costa brand and license the Costa brand.

Costa Express comprises over 7,000 self-serve machines in the UK and almost 1,000 machines in nine other countries, offering high quality coffee and convenience. Costa Express machines are located with commercial partners in petrol stations, convenience stores and leisure and workplace locations.

Costa International comprises a business in China with 449 stores, a wholly-owned business in Poland with 144 stores and 806 franchise stores in 29 countries. The business in China is operated

through a wholly-owned business comprising 246 owned stores in Southern China, a joint venture in Northern China comprising 179 owned stores, in which Costa owns 50 per cent., and 24 franchise stores.

The trade, assets and liabilities of the Costa business are held by Costa Limited, which is a wholly-owned subsidiary of Whitbread Group PLC. The table below summarises the results of Costa Limited for the three years ended 1 March 2018.

	<u>53 weeks to 3 March 2016</u>	<u>52 weeks to 2 March 2017</u>	<u>52 weeks to 1 March 2018</u>
Revenue	£1,103 million	£1,202 million	£1,292 million
EBITDA	£215 million	£231 million	£238 million
Operating profit	£137 million	£130 million	£123 million

A detailed summary of the trading results of Costa for the three years ended 1 March 2018 and the net asset statement as at 1 March 2018 are set out in Part IV (Historical financial information relating to Costa) of this document.

The financial information in this paragraph 3 has been extracted without material adjustment from the financial information contained in Part IV (Historical financial information relating to Costa) of this document. Shareholders should read the whole of this document and not just rely on the summarised financial information set out in this Part I (Letter from the Chairman) of this document.

4. Information on Coca-Cola

Founded in 1886, Coca-Cola has grown to become the world's largest total beverage company, offering over 500 non-alcoholic beverage brands to consumers in more than 200 countries and, with its bottling partners, employing more than 700,000 people around the world. Beverages bearing trade marks owned by or licensed to Coca-Cola account for more than 1.9 billion of the approximately 60 billion servings of all beverages consumed worldwide on a daily basis.

In the year ended 31 December 2017, Coca-Cola generated revenue of \$35.4 billion and operating income of \$7,501 million.

Coca-Cola is listed on the New York Stock Exchange, with a market capitalisation of approximately \$195.5 billion as of 31 December 2017.

5. Principal terms of the Transaction

On 31 August 2018, the Company, Whitbread Group PLC, and Coca-Cola entered into the Sale and Purchase Agreement, pursuant to which Whitbread Group PLC agreed, on the terms and subject to the conditions of the Sale and Purchase Agreement, to sell its shares in Costa to Coca-Cola. The base consideration payable by Coca-Cola for Costa is £3.9 billion (subject to certain financial adjustments), payable in cash on completion of the Transaction. Details of the financial adjustments are described in Part III (Summary of the principal terms of the Transaction Documents) of this document.

The Transaction is conditional upon the satisfaction (or waiver, where applicable) of the following conditions:

- approval of the Resolution by Shareholders, which is being proposed as an ordinary resolution at the General Meeting; and
- the Antitrust Conditions.

The Sale and Purchase Agreement contains various termination rights. In the event that the Sale and Purchase Agreement is terminated in circumstances where the Board changes its recommendation set out in paragraph 13 of this letter or where the Resolution has not been put to Shareholders by 5.00 p.m. on 30 November 2018 (or any later date up to 60 business days after 30 November 2018 to which satisfaction of the Shareholder Approval Condition is postponed by Coca-Cola), then Whitbread Group PLC must pay to Coca-Cola a break fee of £73.5 million. Further detail of the circumstances in which the break fee is payable is given in Part III (Summary of the principal terms of the Transaction Documents) of this document.

Coca-Cola has agreed to use its best endeavours to fulfil the Antitrust Conditions as soon as practicable after 31 August 2018 and, in any event, on or before 1 March 2019 (or any later date up to 60 business days after 1 March 2019 to which satisfaction of such conditions is postponed by either Whitbread Group PLC or Coca-Cola). In the event that the Sale and Purchase Agreement is terminated due to any of the Antitrust Conditions not having been satisfied or waived (as applicable) by 5.00 p.m. on 1 March 2019 (or such later date to which satisfaction of such conditions is postponed by either Whitbread Group PLC or Coca-Cola), then Coca-Cola must pay £73.5 million to Whitbread Group PLC by way of reimbursement of costs.

Under the Sale and Purchase Agreement, Whitbread Group PLC has given certain warranties, indemnities and covenants to Coca-Cola and has given an undertaking not to compete in certain types of coffee-related business in certain jurisdictions for a period of time following Completion. Whitbread Group PLC has also agreed to deliver certain customary documents to Coca-Cola at Completion, including a satisfactory agreement with the Company's pension trustees to release Costa from its liabilities and obligations in respect of Whitbread's pension fund. Both Whitbread Group PLC and Coca-Cola are entitled to defer Completion if Whitbread Group PLC fails to provide the relevant documents releasing Costa as described above. If both of Whitbread Group PLC and Coca-Cola have previously deferred Completion in these circumstances, and Whitbread Group PLC fails to provide the relevant documents releasing Costa at Completion, then Coca-Cola has a right to terminate the Sale and Purchase Agreement and, following such termination, Whitbread Group PLC would be obliged to pay an amount equal to £73.5 million to Coca-Cola. Further detail on these matters is contained in Part III (Summary of the principal terms of the Transaction Documents) of this document.

As part of the Transaction, Whitbread Group PLC has agreed to provide certain transitional services to the Costa Group for a limited time following Completion, including shared HR services, procurement and contracting services, logistics and distribution services and IT services. Further detail on these matters is contained in Part III (Summary of the principal terms of the Transaction Documents) of this document.

The Board expects that, subject to the satisfaction and/or waiver (where applicable) of the conditions precedent to the Transaction, Completion will occur in the first half of 2019.

Further details of the Sale and Purchase Agreement and the Transitional Services Agreement are set out in Part III (Summary of the principal terms of the Transaction Documents) of this document.

6. Use of proceeds and financial effects of the Transaction on the Retained Group

The Net Cash Proceeds arising from the Transaction are expected to be approximately £3.8 billion. The Board intends that the Company will return a significant majority of the Net Cash Proceeds to Shareholders, unless more value creating opportunities arise and subject to prevailing market conditions. The Board also intends to use some of the Net Cash Proceeds to reduce the Group's financial indebtedness and to make a contribution to the Group's pension fund. A reduction in the Group's indebtedness will provide headroom for further expansion of Premier Inn in the UK and Germany.

Return of proceeds to Shareholders

In determining the optimal route to return a significant majority of the Net Cash Proceeds and the timescale to do so, the Board will consider a number of factors, including the scale of the proceeds to be returned, the balance of Shareholder preference, any other more value creating investment opportunities that may arise and prevailing market conditions.

Discussions with the Company's pension trustees and other relevant stakeholders will be conducted and it is envisaged that, shortly following Completion, full details of the proposed return of proceeds will be made available to Shareholders and, if necessary, a general meeting will be convened to seek Shareholder approval for the return of proceeds.

Contribution to the Group's pension fund and reduction in financial indebtedness

The Board notes that active and deferred members of the Company's current defined benefit pension fund relate primarily to the Retained Group (and therefore few constituent members relate to Costa). However, the Board intends to use a portion of the Net Cash Proceeds to reduce the Company's current pension fund deficit.

The Board also intends to reduce the Company's financial indebtedness which will ensure the Retained Group can optimise its cost of debt, provide appropriate flexibility for the cyclical nature of the European travel and leisure market, support ongoing expansion and provide flexibility to pursue any further value creating opportunities that may arise.

Financial effects of the Transaction on the Retained Group

In the financial year ended 1 March 2018, Costa contributed EBITDA of £238 million and operating profit of £123 million to Whitbread.

The financial information in this paragraph 6 has been extracted without material adjustment from the financial information contained in Part IV (Historical financial information relating to Costa) of this document. The effects of the Transaction upon the net assets of Whitbread are set out in Part V (Unaudited pro forma statement of net assets of the Retained Group) of this document.

7. Information on the Retained Group

Following Completion of the Transaction, Whitbread will be a focused hotel business with over 75,000 rooms in almost 800 hotels in the UK, Germany and the Middle East, operating under the Premier Inn brand. Whitbread will also retain its 49 per cent. investment in Pure, a London-based healthy-eating quick service restaurant business with 15 stores.

Whitbread's strategic priorities will remain consistent with its existing strategy of:

- continuing to innovate and grow Premier Inn in the core UK business;
- focusing on Premier Inn's strengths to grow at scale in Germany; and
- enhancing the capabilities of Whitbread to support long-term growth.

In the UK, Premier Inn has a unique business model and position in the hotel market, supported by a significant food and beverage offering. Through a significant degree of freehold property ownership and an owner-manager approach, Premier Inn ensures a high degree of consistency throughout its hotel estate with high quality and good value for money. This ensures hotel guests have a strong preference for Premier Inn, which provides an industry-leading proportion of direct bookings that has recently increased to over 95 per cent. for the year ending 1 March 2018.

Premier Inn's unique business model provides a strong opportunity to grow market share versus the structurally disadvantaged independent segment. The independent segment currently holds more than 50 per cent. market share, but this has been declining by approximately one percentage point per annum. Through building new hotels, extending existing hotels, and further enhancing the operating model, Premier Inn expects to continue to win market share, increasing its position from approximately 9 per cent. in 2016 to over 12 per cent. beyond 2020. Premier Inn has a strong track record of maintaining occupancy at approximately 80 per cent., at the same time as increasing room capacity by 25 per cent. over the last three years.

In Germany, Premier Inn has a highly attractive opportunity:

- the hotel market is around 35 per cent. larger than the UK;
- the budget branded sector is less mature with 6 per cent. market share (versus approximately 24 per cent. in the UK);
- the market is highly fragmented with independents accounting for approximately 75 per cent. of the hotel market;
- there is currently no clear market leader, with the largest hotel operator having just 2 per cent. market share; and
- given the regional dispersal of industrial development, there is a high degree of business travel.

Premier Inn's unique business model of high quality, consistency and value for money resonates well with domestic German travellers, having been successfully trialled in Premier Inn's first hotel in Germany, which was opened in Frankfurt in 2016.

Premier Inn's attractive opportunities to continue growing in the UK and the increased focus on network expansion in Germany, provide Whitbread with confidence that the committed pipeline for

new capacity at 1 March 2018 of more than 20,000 rooms will be opened successfully and deliver a compelling return on capital.

Whitbread expects to update Shareholders on its strategic progress and future plans at a capital markets day to be held in early 2019.

8. Current trading and future prospects of the Group

On 27 June 2018, the Company published a trading update for the 13-week period ended 31 May 2018. This trading update included the following summary of the significant trends in the financial performance of the Group for this period:

“Premier Inn UK delivered total accommodation sales growth of 4.3% driven by additional capacity. The hotel market was weaker in the first quarter due to strong comparable data this time last year and increased supply, including significant room openings from Premier Inn. F&B sales declined slightly due to lower footfall from adverse weather.

In the first quarter, Costa UK grew total sales by 5.2% through the addition of new stores and Express machines in attractive convenience-based locations. The UK like-for-like sales decline resulted principally from footfall weakness in traditional shopping locations, whereas travel locations continued to show good growth. Costa Express continues to perform well and like-for-like sales in China are growing.

Both the budget hotel market and the coffee market present long-term structural growth opportunities, and whilst we are cautious of shorter-term trading conditions in the UK, due to well-publicised consumer trends, we are confident that we have the right strategies in place to enhance our UK and international market positions and ensure each business is well-positioned to thrive as a separate entity.”

There has been no significant change to the current trading of the Group since this statement was made. A further update on current trading and prospects of the Group will be provided when results for the six-month period ended 30 August 2018 are published on 23 October 2018.

9. Risk factors and further information

You should read the whole of this document and not just rely on the summarised information, including the summarised financial information, contained in this Part I (Letter from the Chairman). In particular, your attention is drawn to the risk factors set out in Part II (Risk factors) of this document.

10. General Meeting

The Transaction is conditional upon the approval of Shareholders at the General Meeting and a notice convening the General Meeting to be held at Goldman Sachs International, River Court/Brook House, 120 Fleet Street, London EC4A 2BE at 2.00 p.m. on 10 October 2018 is set out on page 39 of this document. The Resolution will be proposed at that meeting for Shareholders to approve the Transaction.

11. Action to be taken

You will find enclosed with this document a Form of Proxy for use in connection with the General Meeting or any adjournment thereof. It is important that Shareholders have the opportunity to vote, even if they are unable to come to the General Meeting. Whether or not you intend to attend the General Meeting in person, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed on it so as to be received by Whitbread’s Registrar, Link Asset Services, at Link Asset Services, Whitbread Share Register, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, by no later than 2.00 p.m. on 8 October 2018 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Whitbread’s Registrar, Link Asset Services (CREST participant ID RA10), by no later than 2.00 p.m. on 8 October 2018 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

Proxy appointments may also be submitted via the internet at www.whitbread-shares.com so that the appointment is received by no later than 2.00 p.m. on 8 October 2018 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

Unless the Form of Proxy, CREST Proxy Instruction or an electronic registration of proxy appointment (as applicable) is received by the relevant date and time specified above, it will be invalid. Completion and return of the Form of Proxy, the submission of a CREST Proxy Instruction or an electronic registration of a proxy appointment will not preclude you from attending and voting in person at the General Meeting if you wish to do so and are so entitled.

12. Financial advice

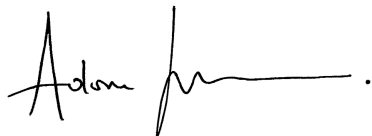
The Board has received financial advice from Goldman Sachs, Morgan Stanley and Deutsche Bank in relation to the Transaction. In providing their advice to the Board, Goldman Sachs, Morgan Stanley and Deutsche Bank have relied upon the Board's commercial assessment of the Transaction.

13. Recommendation to Shareholders

The Board considers the Transaction to be in the best interests of Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolution at the General Meeting.

The Directors intend to vote in favour of the Resolution at the General Meeting in respect of their respective individual beneficial holdings of Ordinary Shares, being in aggregate 88,749 Ordinary Shares representing approximately 0.0462 per cent. of the total issued share capital of the Company as at 20 September 2018 (being the latest practicable date before publication of this document).

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Adam Crozier', followed by a horizontal line and a period.

Adam Crozier
Chairman

PART II RISK FACTORS

You should carefully consider the risks and uncertainties described below, together with all other information in this document.

The risk factors in this document set out the necessary disclosure in accordance with the Listing Rules, and do not seek to cover all of the material risks which generally affect the Group. Further information on the material risks which generally affect the Group are set out in the Company's 2018 Annual Report.

The risks described below represent those known to the Directors as at the date of this document which the Directors consider to be material risks relating to the Transaction, as well as material risks to the Retained Group which result from or will be impacted by the Transaction. However, these risks and uncertainties are not the only ones facing the Group or which, following Completion, the Retained Group will face. Additional risks and uncertainties that do not currently exist or that are not currently known to the Directors, or that the Directors currently consider to be immaterial, or which the Directors consider to be material but which are not related to or will not be impacted by the Transaction, could also have a material adverse effect on the business, financial condition, results of operations, or prospects of the Group or, following Completion, the Retained Group.

If any or a combination of these risks actually occurs, the business, financial condition, results of operations or prospects of the Group or, following Completion, the Retained Group could be materially and adversely affected. In such case, the price of Ordinary Shares could decline and you may lose all or part of your investment.

The risks are not intended to be presented in any assumed order of priority. The information given is as at the date of this document and, except as requested by the FCA or required by the Listing Rules or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under "Forward-looking statements" at the beginning of this document.

1. RISKS RELATING TO THE TRANSACTION

The Transaction may not proceed to Completion

Completion of the Transaction is subject to the approval of the Resolution by Shareholders at the General Meeting and satisfaction or waiver (where applicable) of the EU Merger Clearance Condition and the China Merger Condition. The processes to obtain the necessary clearances from the European Commission and China's State Administration for Market Regulation in order to satisfy these conditions will be led by Coca-Cola as the proposed purchaser of Costa. The outcome of those clearance processes and the decisions of the relevant authorities cannot be predicted with certainty.

The Sale and Purchase Agreement is also subject to certain termination rights, including in circumstances where Whitbread Group PLC fails to deliver a satisfactory agreement with the Company's pension trustees to release Costa from its liabilities and obligations in respect of the Company's pension fund. There can be no assurance that any or all of the conditions will be satisfied or waived (as applicable) or that the Sale and Purchase Agreement will not be terminated in the circumstances described in paragraphs 1.7 or 1.10 of Part III (Summary of the principal terms of the Transaction Documents) of this document. If the Transaction does not complete, the Company will not receive the cash proceeds from the Transaction and will forgo the other benefits of the Transaction as detailed in the letter from the Chairman in Part I (Letter from the Chairman) of this document. If the Sale and Purchase Agreement is terminated in the circumstances described in paragraphs 1.4 or 1.7 of Part III (Summary of the principal terms of the Transaction Documents) of this document, Whitbread Group PLC may be liable to pay certain amounts to Coca-Cola as further described in those paragraphs.

Inability to realise Shareholder value

The Board believes that the Transaction is in the best interests of Shareholders taken as a whole and that it currently provides the best opportunity to realise an attractive and certain value for Costa. If the Transaction does not complete, the Company's ability to deliver equivalent or additional tangible value to Shareholders may be delayed or prejudiced.

Potentially disruptive effect on the Group if the Transaction does not proceed

If the Transaction does not proceed, this may lead to management, employee, customer and supplier distraction and concern due to perceived uncertainty as regards the future ownership of Costa which may have an adverse effect on the performance of Costa and therefore its value to the Group. To maintain Shareholder value, the Company's management may be required to allocate additional time and cost to the ongoing supervision and development of Costa.

There may be an adverse impact on the Company's reputation if the Transaction does not proceed

If the Transaction does not proceed, there may be an adverse impact on the reputation of the Company as a result of media scrutiny arising in connection with the attempted Transaction. Any such reputational risk could adversely affect the Group's business, financial condition and results of operations.

Exposure to liabilities under the Sale and Purchase Agreement

The Sale and Purchase Agreement contains certain warranties and indemnities from Whitbread Group PLC in favour of Coca-Cola. If the Retained Group should incur liabilities under any of these warranties and indemnities, the costs of such liabilities could have an adverse effect on its business, financial condition and results of operations. Except as otherwise described in paragraph 1.5 of Part III (Summary of the principal terms of the Transaction Documents) of this document, Whitbread Group PLC's liability under the warranties and indemnities in the Sale and Purchase Agreement is subject to financial caps and time limitations. Further details of the Sale and Purchase Agreement, including the warranties and indemnities and the limitations on Whitbread Group PLC's liability under the warranties and indemnities, are set out in Part III (Summary of the principal terms of the Transaction Documents) of this document.

Third party interference with the Transaction

As a listed company, the Company could be exposed to approaches from third parties seeking to instigate a public takeover of the Company and the Directors might consequently be required (in accordance with their fiduciary duties and subject to the terms of the Sale and Purchase Agreement) to withdraw their recommendation in favour of the Resolution and the Transaction.

Pre-closing changes in Costa

During the period from the signing of the Sale and Purchase Agreement to Completion, events or developments may occur, including changes in trading, operations or outlook of the Retained Group or Costa, or external market factors, which could make the terms of the Sale and Purchase Agreement less attractive for the Company. Whitbread Group PLC would be obliged to complete the Transaction notwithstanding such events or developments. This may have an adverse effect on the Retained Group's business, financial condition and results of operations.

2. RISKS RELATING TO THE RETAINED GROUP

The Retained Group will form a smaller, less diversified group

Following Completion, the Retained Group's business will be smaller and less diversified. As a result, the Retained Group may be more susceptible to adverse developments in the remaining business and markets in which it operates. In particular, following Completion, the Retained Group will have greater relative exposure to the UK hotel market, the risks associated with the UK property market and fluctuations in the value of Premier Inn's property portfolio. The Retained Group will no longer benefit from exposure to the growing global coffee market.

The Group's Costa and Premier Inn divisions operate in different market segments and, notwithstanding global economic factors, the financial performance and prospects of the two divisions are impacted by different and unrelated factors which provides a benefit of diversification.

The greater sensitivity to fluctuations in the Retained Group's business and the hotel market may have an adverse effect on the Retained Group's business, financial condition, results of operations and prospects. Moreover, weak performance in the Retained Group's business may have a proportionately

greater adverse impact on the financial condition and valuation of the Retained Group than would have been the case prior to Completion.

Reduced income stream

Following Completion, the Retained Group will no longer receive the contribution that Costa currently makes to the consolidated trading profit of the Group. Cash flows from the Costa business have assisted the Company in the past with raising capital to fund Premier Inn, a capital intensive business, and following Completion the Retained Group will no longer have the benefit of that cash flow which may increase the Retained Group's cost of borrowing and/or make it more difficult for the Retained Group to obtain financing. For the financial year ended 1 March 2018, Costa contributed revenue of £1,292 million and profit before tax of £122 million which represented 39 per cent. and 22 per cent. of Group revenues and profit before tax respectively for that financial year.

Key employees

The success of the Retained Group depends on the efforts, abilities, experience and expertise of its senior management team, and on recruiting, retaining, motivating and developing highly skilled and competent people at all levels of its organisation. There can be intense competition for personnel from other companies and organisations and there may at any time be shortages in the availability of appropriately skilled people at all levels. The reduction in size and diversification of the Retained Group following the Transaction may make it more difficult to attract and retain talented employees, which could have a material adverse effect on the Retained Group's business.

Business separation

The process of separating Costa from the Retained Group will be complex, involving the separation of significant business systems. The Company has entered into the Transitional Services Agreement with Coca-Cola pursuant to which the Company has agreed to provide or procure the provision of certain services to the Costa Group for a period following Completion while this separation is taking place. The Retained Group could incur unexpected additional costs and/or adverse impacts on the functioning of its business as a result of the separation process and/or fulfilment of its obligations under the Transitional Services Agreement which could adversely affect its business, financial condition and results of operations. The Company's management may be required to allocate time and resources to the separation and ensure that the Retained Group's obligations under the Transitional Services Agreement are fulfilled. This may limit the management and financial resources available to the Retained Group, potentially to the detriment of the Retained Group's overall operational and financial performance. Further details of the Transitional Services Agreement are set out in Part III (Summary of the principal terms of the Transaction Documents) of this document.

The separation of the Costa business could also disrupt synergies in working practices and ongoing implementation projects (such as the Company's Efficiency Programme), and also lead to cost increases as a result of the Retained Group's reduced combined purchasing power. This could adversely affect the Retained Group's business, financial condition and results of operations.

PART III
SUMMARY OF THE PRINCIPAL TERMS OF THE TRANSACTION DOCUMENTS

1. SALE AND PURCHASE AGREEMENT

1.1 Parties and structure

The Sale and Purchase Agreement was entered into on 31 August 2018 between the Company, Whitbread Group PLC and Coca-Cola for the sale and purchase, on the terms and subject to the conditions of the Sale and Purchase Agreement, of the entire issued share capital of Costa.

1.2 Consideration

The consideration for the purchase of the entire issued share capital of Costa is the base consideration of £3.9 billion. This amount is subject to certain adjustments in relation to the financing position of the Costa Group in the period between 1 March 2018 (being the end of Whitbread's last financial year) and Completion. The base consideration is 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 Completion Date,

(the base consideration as adjusted in accordance with the Sale and Purchase Agreement being the "**Consideration**").

The Sale and Purchase Agreement also contains customary locked box provisions which apply for the period from 1 March 2018 to Completion to prevent unapproved value being transferred from the Costa Group to the Retained Group in that period and to appropriately allocate the costs and expenses which are incurred or paid by the Retained Group but are recharged to the Costa Group in the conduct of its business.

1.3 Conditions to Completion

The Sale and Purchase Agreement is conditional on:

- (A) the passing of the Resolution by Shareholders (the "**Shareholder Approval Condition**");
- (B) the EU Merger Clearance Condition; and
- (C) the China Merger Condition.

In the case of the EU Merger Clearance Condition and the China Merger Condition (together, the "**Antitrust Conditions**"), Coca-Cola has agreed (at its own cost) to use its best endeavours to fulfil such conditions as soon as practicable after 31 August 2018 and, in any event, on or before 1 March 2019 (or any later date up to 60 business days after 1 March 2019 to which satisfaction of such conditions is postponed by either Whitbread Group PLC or Coca-Cola), including offering any remedies to any relevant antitrust authority as are required and taking all actions and giving any undertakings that are needed to satisfy the Antitrust Conditions. If any of the Antitrust Conditions is not satisfied by 5.00 p.m. on 1 March 2019 (being the Antitrust Long Stop Date), then either Whitbread Group PLC or Coca-Cola may elect to postpone the Antitrust Long Stop Date by up to 60 business days.

In the case of the Shareholder Approval Condition, Whitbread has agreed to use its best endeavours to fulfil such condition as soon as reasonably practicable and to hold a general meeting of the Company to consider the Resolution by no later than 17 October 2018. Whitbread has also agreed that the Board will maintain its recommendation that Shareholders vote in favour of the Resolution, as set out in paragraph 13 of Part I (Letter from the Chairman), subject to the Directors complying with their fiduciary, statutory and other duties from time to time. If the Shareholder Approval Condition is not satisfied by 5.00 p.m. on 30 November 2018 (being the Shareholder Approval Long Stop Date), then Coca-Cola may elect to postpone the Shareholder Approval Long Stop Date by up to 60 business days.

1.4 Break fee

If the Sale and Purchase Agreement is terminated in:

- (A) the circumstances in which the Board changes its recommendation to vote in favour of the Transaction, as set out in paragraph 1.10(D) below; or
- (B) the circumstances set out in paragraph 1.10(B) below, except where the Resolution has been voted upon and defeated at a general meeting of the Company,

then Whitbread Group PLC must pay Coca-Cola a break fee of £73.5 million, unless Coca-Cola is in material breach of the Sale and Purchase Agreement and/or Whitbread Group PLC is entitled to terminate the Sale and Purchase Agreement.

1.5 Warranties, indemnities and limitations on liability

Whitbread Group PLC has given warranties to Coca-Cola which are customary for a transaction of this nature. These include, among other things, warranties in respect of its power and ability to enter into and perform the 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 has also given indemnities in favour of Coca-Cola which are customary for a transaction of this nature, including the following specific indemnities:

- (A) an indemnity in respect of any liabilities, losses, costs or expenses incurred by Coca-Cola's group or the Costa Group in respect of the Company's 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 the Costa 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, on or before the fifth anniversary of the Completion Date, an agreed number of those assets are assessed for such rates and such rates become due and payable, then Whitbread Group PLC is obliged to pay to Coca-Cola an amount equal to £75 million.

The Sale and Purchase Agreement contains certain customary 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 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, will not exceed £766,245,400. The total aggregate liability of the Company and Whitbread Group PLC for all claims under the 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 but excluding any claim in respect of the pensions indemnity described in paragraph 1.5(A) above, will be capped at £3,831,227,000.

1.6 Conduct of Costa business prior to Completion

Whitbread Group PLC has agreed, subject to customary exceptions, that the business of the Costa Group will be carried on in the ordinary course up to Completion.

1.7 Completion deliverables

At Completion, Whitbread Group PLC and Coca-Cola are obliged to deliver certain customary and appropriate documents and to procure that certain formalities take place at Completion, including:

- (A) entry into a tax covenant in favour of Coca-Cola (the "**Tax Covenant**"); and
- (B) delivery of certain pensions-related documents, including a satisfactory agreement with the Company's pension trustees to release Costa from its liabilities and obligations in respect of Whitbread's pension fund.

In the event that Whitbread Group PLC is unable to provide the relevant pensions documents at Completion, then it may elect to defer Completion to a date no later than 31 May 2019. If Whitbread Group PLC is unable to provide the pensions documents on the date of such deferred Completion, then Coca-Cola may elect to further defer Completion for multiple periods of between 15 to 30 days (but no later than 31 August 2020 in any event), to waive the requirement to deliver the pensions documents at Completion or, if it has previously deferred Completion, to terminate the Sale and Purchase Agreement. Following any such termination, Whitbread Group PLC would be obliged to pay an amount equal to £73.5 million to Coca-Cola, unless Coca-Cola is in material breach of the Sale and Purchase Agreement and/or Whitbread Group PLC is entitled to terminate the Sale and Purchase Agreement.

1.8 Non-compete undertaking

Whitbread Group PLC has given an undertaking to Coca-Cola that, subject to certain exceptions (including the Retained Group's ability to carry on its business as it is currently operated), it and the other members of the Retained Group will not, directly or indirectly, for a period of 30 months from 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.

1.9 Purchaser's representations, warranties and undertakings

Coca-Cola has given warranties to the Company and Whitbread Group PLC in respect of, among other things, its power and ability to enter into the Sale and Purchase Agreement (and the other documents being entered into in connection with the Sale and Purchase Agreement).

1.10 Termination

The Sale and Purchase Agreement shall terminate with immediate effect in a number of scenarios, including:

- (A) if any of the Antitrust Conditions is not fulfilled or waived (as applicable) on or before 5.00 p.m. on the Antitrust Long Stop Date (and such date has not been postponed by either Whitbread Group PLC or Coca-Cola as described in paragraph 1.3 above) or, if the Antitrust Long Stop Date is so postponed, any of the Antitrust Conditions remains to be fulfilled as at 5.00 p.m. on the date to which the Antitrust Long Stop Date is postponed;
- (B) if the Shareholder Approval Condition is not fulfilled on or before 5.00 p.m. on the Shareholder Approval Long Stop Date (and such date has not been postponed by Coca-Cola as described in paragraph 1.3 above) or, if the Shareholder Approval Long Stop Date is so postponed, the Shareholder Approval Condition remains to be fulfilled as at 5.00 p.m. on the date to which the Shareholder Long Stop Date is postponed;
- (C) in the event that, with a vote having been held on the Resolution, such resolution is not passed by Shareholders at the General Meeting; or
- (D) by written notice from Coca-Cola to Whitbread Group PLC, if, at, or prior to the conclusion of, the General Meeting (including any adjournment), the Board changes its recommendation set out in paragraph 13 of Part I (Letter from the Chairman), provided that there shall be no right to serve a termination notice in the event that the Resolution has been passed by Shareholders at a general meeting at the time at which Coca-Cola gives the notice.

Coca-Cola may also terminate the Sale and Purchase Agreement in the circumstances described in paragraph 1.7 of this Part III (Summary of the principal terms of the Transaction Documents).

1.11 Cost reimbursement

If the Sale and Purchase Agreement is terminated in the event that any of the Antitrust Conditions is not satisfied or waived (as applicable) by the Antitrust Long Stop Date (or any later date up to 60 business days after 1 March 2019 to which satisfaction of such conditions is

postponed by either Whitbread Group PLC or Coca-Cola), Coca-Cola must pay Whitbread Group PLC an amount equal to £73.5 million by way of reimbursement of costs, unless Whitbread Group PLC is in material breach of the Sale and Purchase Agreement and/or Coca-Cola is entitled to terminate the Sale and Purchase Agreement.

1.12 Intellectual property and trade marks

Each of the Costa Group and the Retained Group must cease all use of the other's trade marks and remove such trade marks from any of its signage or documentation within six months of Completion (other than as permitted under other arm's-length arrangements). The Sale and Purchase Agreement also includes customary provisions requiring any intellectual property or business information held by the Costa Group or the Retained Group that is subsequently identified to be predominantly used by the other group to be transferred to that group, and requiring each of the Costa Group and the Retained Group to grant to the other a licence to use certain intellectual property or business information which it owns but which the other group currently uses (but not predominantly).

1.13 Governing law

The Sale and Purchase Agreement is governed by English law.

2. TRANSITIONAL SERVICES AGREEMENT

The Transitional Services Agreement was entered into on 31 August 2018 between Whitbread Group PLC and Coca-Cola, pursuant to which Whitbread Group PLC will provide or procure the provision of a range of transitional services to the Costa Group following Completion.

2.1 Transitional services

Whitbread Group PLC will provide the following categories of transitional services to the Costa Group:

- (A) shared HR services, e.g. payroll, benefits, recruitment, etc.;
- (B) procurement and contracting services;
- (C) logistics and distribution services; and
- (D) IT services, e.g. application services, IT security services, data centre hosting services, network services, etc.

As at 31 August 2018, the Transitional Services Agreement contained draft service descriptions which will be expanded and finalised in the period to Completion as part of the separation activities. Within the six months following Completion, Coca-Cola can, in certain circumstances, require that Whitbread Group PLC provide additional services, provided that those services had been provided to the Costa Group in the 12 months prior to Completion.

2.2 Term, termination and migration

Each transitional service will be provided for the specified service period for that transitional service beginning on Completion, or any other date agreed by the parties, and the initial term of the transitional services are expected to expire within nine to 18 months of Completion (depending on the type of service) unless terminated earlier in accordance with the Transitional Services Agreement. Coca-Cola has customary termination rights, including the right to terminate a transitional service early on 90 days' prior written notice (subject to paying Whitbread Group PLC's reasonable expiry costs), and the right to extend each service by between three and six months (depending on the type of service).

2.3 Service standard

The standards to which the transitional services are to be provided are to be equivalent in all material respects to the standard (on average) to which the transitional services were provided by the Retained Group to the relevant Costa Group member during the 12-month period prior to the date of the Transitional Services Agreement (subject to certain exclusions of liability,

including where a service failure is caused by any third party supplier failure or any act/omission of Coca-Cola).

2.4 Service charges

Service charges have been calculated on the basis of the estimated aggregate annual costs which will be incurred by the Retained Group in the ordinary course of business in providing the transitional services to the Costa Group (including amounts paid to third party providers) with a 5 per cent. mark-up.

2.5 Liability

The maximum aggregate liability of Whitbread Group PLC in connection with the Transitional Services Agreement is limited to 150 per cent. of the service charges paid, due or payable as at the date of the alleged act or omission from which the liability arises. A customary exclusion for any indirect or consequential loss or damage and any loss of profits, among others, is also included. There is no cap on the liability of Coca-Cola.

PART IV
HISTORICAL FINANCIAL INFORMATION RELATING TO COSTA

The following unaudited historical financial information relating to Costa has been extracted without material adjustment from the underlying consolidation schedules used in preparing the Group's audited consolidated financial statements for the financial years ended 3 March 2016, 2 March 2017 and 1 March 2018.

The financial information in this Part IV (Historical financial information relating to Costa) has been prepared in accordance with the IFRS accounting policies adopted in the Group's audited consolidated financial statements for each of the financial years presented. The financial information reflects, therefore, Costa's contribution to the Group during the periods presented, applying the relevant Group accounting policies. The income statements and the net asset statement set out below are unaudited.

The financial information contained in this Part IV (Historical financial information relating to Costa) does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The audited consolidated statutory accounts of the Group in respect of the years ended 3 March 2016, 2 March 2017 and 1 March 2018 have been delivered to the Registrar of Companies. The auditors reports in respect of those statutory accounts for the three years ended 1 March 2018 were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006. Deloitte LLP was the auditor of the Group in respect of the statutory accounts for the three years.

Shareholders should read the whole document and not rely solely on the summarised financial information contained in this Part IV (Historical financial information relating to Costa).

1. Income statement information for Costa for the financial years ended 3 March 2016, 2 March 2017 and 1 March 2018

	<u>53 weeks to</u> <u>3 March 2016</u>	<u>52 weeks to</u> <u>2 March 2017</u>	<u>52 weeks to</u> <u>1 March 2018</u>
	£m	£m	£m
Revenue	1,103	1,202	1,292
Operating costs	<u>(966)</u>	<u>(1,073)</u>	<u>(1,169)</u>
Operating profit before joint ventures	137	129	123
Share of profit from joint ventures	—	1	—
Operating profit	137	130	123
Net finance costs	—	—	<u>(1)</u>
Profit before tax	<u>137</u>	<u>130</u>	<u>122</u>
Analysed as:			
Underlying profit before tax	153	158	158
Non-underlying items	<u>(16)</u>	<u>(28)</u>	<u>(36)</u>
Profit before tax	<u>137</u>	<u>130</u>	<u>122</u>
Tax expense	(34)	(33)	(29)
Profit for the year	103	97	93
Attributable to:			
Parent shareholders	107	103	95
Non-controlling interest	<u>(4)</u>	<u>(6)</u>	<u>(2)</u>
	103	97	93

Notes:

- (1) The income statements presented above are unaudited.
- (2) The income statements presented above exclude £10 million, £11 million and £15 million of interest income on amounts receivable from the Group and associated tax expense of £2 million, £2 million and £3 million in the 53 weeks ended 3 March 2016, 52 weeks ended 2 March 2017 and 52 weeks ended 1 March 2018, respectively.
- (3) The income statements presented above include £3 million, £4 million and £4 million of revenue from sales to the Group in the 53 weeks ended 3 March 2016, 52 weeks ended 2 March 2017 and 52 weeks ended 1 March 2018, respectively.

- (4) EBITDA (underlying earnings before interest, tax, depreciation and amortisation, excluding income from joint ventures and associates) for the 53 weeks ended 3 March 2016, 52 weeks ended 2 March 2017 and 52 weeks ended 1 March 2018 is as follows:

Underlying profit before tax	153	158	158
Income from joint ventures	—	(1)	—
Net finance cost	—	—	1
Underlying depreciation and amortisation	62	73	80
Underlying EBITDA	215	231	238

2. Net asset statement for Costa as at 1 March 2018

	1 March 2018
	£m
ASSETS	
Non-current assets	
Intangible assets	98
Property, plant and equipment	290
Investment in joint ventures	5
Deferred tax assets	7
Trade and other receivables	6
	<u>405</u>
Current assets	
Inventories	33
Trade and other receivables	86
Cash and cash equivalents	23
	<u>142</u>
Total assets	547
LIABILITIES	
Current liabilities	
Borrowings	(24)
Provisions	(19)
Current tax liabilities	(34)
Trade and other payables	(160)
Total liabilities	(237)
Net assets	310

Notes:

- (1) The net asset statement above is unaudited.
(2) The net asset statement above excludes £255 million of intercompany receivables due to Costa from the Group.

PART V
UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE RETAINED GROUP

Section A: Unaudited consolidated pro forma statement of net assets of the Retained Group

The Retained Group unaudited consolidated pro forma statement of net assets as at 1 March 2018 set out below has been prepared to illustrate the effect of the proposed disposal of Costa on the net assets of the Group as at 1 March 2018, as if the proposed Transaction had taken place on that date.

The Retained Group unaudited consolidated pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation. It does not, therefore, represent the Retained Group's actual financial position or results.

The unaudited consolidated pro forma statement of net assets is based on the audited consolidated balance sheet of the Group as at 1 March 2018 and the unaudited historical financial information relating to Costa set out in Part IV (Historical financial information relating to Costa). It has been prepared in accordance with the IFRS accounting policies adopted in the Group's consolidated financial statements for the year ended 1 March 2018, on the basis set out in the notes below and in accordance with the requirements of Listing Rule 13.3.3R.

The unaudited consolidated pro forma statement of net assets does not constitute a financial statement within the meaning of section 434 of the Companies Act 2006. Shareholders should read the whole document and not rely solely on the pro forma financial information contained in this Part V (Unaudited pro forma statement of net assets of the Retained Group).

Deloitte LLP's report on the unaudited consolidated pro forma financial information is set out in Section B of this Part V (Unaudited pro forma statement of net assets of the Retained Group).

Retained Group unaudited consolidated pro forma statement of net assets as at 1 March 2018

	<u>Group</u>	<u>Costa Group</u>	<u>Transaction Adjustments</u>	<u>Retained Group Pro Forma</u>
	£m	£m	£m	£m
	Note 1	Note 2	Note 3	
ASSETS				
Non-current assets				
Intangible assets	301	(98)	—	202
Property, plant and equipment	4,176	(290)	—	3,886
Investment in joint ventures	50	(5)	—	46
Derivative financial instruments	9	—	—	9
Trade and other receivables	6	(6)	—	—
	<u>4,542</u>	<u>(398)</u>	<u>—</u>	<u>4,144</u>
Current assets				
Inventories	49	(33)	—	16
Derivative financial instruments	13	—	—	13
Trade and other receivables	191	(86)	—	105
Cash and cash equivalents	91	(23)	3,850	3,918
	<u>343</u>	<u>(142)</u>	<u>3,850</u>	<u>4,051</u>
Assets held for sale	7	—	—	7
Total assets	<u>4,892</u>	<u>(541)</u>	<u>3,850</u>	<u>8,202</u>
LIABILITIES				
Current liabilities				
Borrowings	(109)	24	—	(85)
Provisions	(27)	19	—	(8)
Derivative financial instruments	(3)	—	—	(2)
Current tax liabilities	(45)	34	—	(11)
Trade and other payables	(668)	160	—	(508)
	<u>(851)</u>	<u>237</u>	<u>—</u>	<u>(614)</u>
Non-current liabilities				
Borrowings	(815)	—	—	(815)
Provisions	(21)	—	—	(21)
Derivative financial instruments	(5)	—	—	(5)
Deferred tax liabilities	(82)	(7)	—	(89)
Pension liability	(289)	—	—	(289)
Trade and other payables	(27)	—	—	(27)
	<u>(1,239)</u>	<u>(7)</u>	<u>—</u>	<u>(1,245)</u>
Total liabilities	<u>(2,090)</u>	<u>231</u>	<u>—</u>	<u>(1,859)</u>
Net assets	<u>2,803</u>	<u>(310)</u>	<u>3,850</u>	<u>6,342</u>

Notes:

- (1) The net assets relating to the Group have been extracted without material adjustment from the audited consolidated financial statements of the Group as at 1 March 2018, which were prepared in accordance with IFRS.
- (2) These adjustments remove the assets and liabilities of the Costa Group, and were sourced without material adjustment from the historical financial information of the Costa Group as at 1 March 2018 contained in Part IV (Historical financial information relating to Costa) of this document.
- (3) Transaction adjustments: At Completion, Whitbread is expected to receive approximately £3.8 billion of net cash proceeds, after adjustment for estimated transaction costs and separation costs of circa £0.1 billion. Of these, circa £50 million of transaction costs are already committed assuming the transaction completes, and are reflected above. As noted in paragraph 1.2 of Part III (Summary of the principal terms of the Transaction Documents) of this document, the exact consideration is subject to certain adjustments in relation to the financing position of the Costa Group in the period between 1 March 2018 (being the end of Whitbread's last financial year) and Completion.
- (4) No account has been taken of any trading or results of the Group or the Costa Group since 1 March 2018.
- (5) This unaudited consolidated pro forma statement of net assets does not constitute a financial statement within the meaning of section 434 of the Companies Act 2006.

Section B: Accountants report on the unaudited pro forma financial information on the Retained Group



Deloitte LLP
1 New Street Square
London
EC4A 3HQ
United Kingdom

The Board of Directors
on behalf of Whitbread PLC
Whitbread Court
Houghton Hall Business Park
Porz Avenue Dunstable
Bedfordshire
LU5 5XE

Goldman Sachs International
Peterborough Court
133 Fleet Street
London
EC4A 2BB

Morgan Stanley & Co. International plc
25 Cabot Square, Canary Wharf
London
E14 4QA

21 September 2018

Dear Sirs,

Whitbread PLC (the “Company”)

We report on the pro forma financial information (the “**Pro forma financial information**”) set out in Section A of Part V (Unaudited pro forma statement of net assets of the Retained Group) of the Class 1 disposal circular dated 21 September 2018 (the “**Investment Circular**”), which has been prepared on the basis described in the notes to the Pro forma financial information, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 1 March 2018. This report is required by the Commission Regulation (EC) No 809/2004 (the “**Prospectus Directive Regulation**”) as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Pro forma financial information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the Investment Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Investment Circular.

Deloitte.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

Deloitte LLP

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**PART VI
ADDITIONAL INFORMATION**

1. Responsibility

The Company and the Directors, whose names are set out in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registered office

The Company's legal and commercial name is Whitbread PLC. The Company is a public limited company and was incorporated and registered in England and Wales on 1 December 2000 as a public company limited by shares. The Company's registered office and corporate headquarters is at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE (telephone number +44 (0)1582 424200). The principal laws and legislation under which the Company operates, and under which the Ordinary Shares have been issued, is the Companies Act 2006 and regulations made thereunder.

3. Directors

The Directors of the Company are:

<u>Name</u>	<u>Position</u>
Adam Crozier	Chairman
Alison Brittain	Chief Executive
Nicholas Cadbury	Group Finance Director
Louise Smalley	Group HR Director
Richard Gillingwater	Senior Independent Non-Executive Director
Chris Kennedy	Independent Non-Executive Director
Deanna Oppenheimer	Independent Non-Executive Director
Susan Taylor Martin	Independent Non-Executive Director
David Atkins	Independent Non-Executive Director

4. Directors' shareholdings and options

4.1 Holdings in Ordinary Shares

As at the Latest Practicable Date, the interests of the Directors in the share capital of the Company are as set out in the following table:

<u>Name</u>	<u>No. of Ordinary Shares</u>	<u>Percentage of issued Ordinary Shares</u>
Adam Crozier	1,000	0.0005%
Alison Brittain	20,900	0.0107%
Chris Kennedy	1,500	0.0008%
David Atkins	1,425	0.0007%
Deanna Oppenheimer	1,600 ⁽¹⁾	0.0008%
Louise Smalley	23,313	0.0119%
Nicholas Cadbury	39,121	0.0200%
Richard Gillingwater	0	0.0000%
Susan Taylor Martin	1,490	0.0008%

(1) Deanna Oppenheimer holds 6,400 ADRs in Whitbread PLC which correspond to 1,600 Ordinary Shares.

4.2 Other interests

Details of options and awards over Ordinary Shares held by the Directors are set out below. These options and awards are not included in the interests of the Directors shown in the table above.

As at the Latest Practicable Date, the following options and awards over Ordinary Shares have been granted to certain Directors:

SAYE Scheme

<u>Name</u>	<u>Date of award</u>	<u>No. of Ordinary Shares</u>	<u>Exercise price</u>	<u>First vesting/ exercisable date</u>
Alison Brittain	02/12/2015	775	£38.664	01/02/2021
Louise Smalley	02/12/2015	232	£38.664	01/02/2019
	01/12/2017	305	£29.414	01/02/2021

Long Term Incentive Plan

<u>Name</u>	<u>Date of award</u>	<u>No. of Ordinary Shares</u>	<u>Exercise price</u>	<u>Vesting date</u>	<u>First exercisable date</u>
Alison Brittain	01/03/2015	22,889	Nil	01/03/2018	01/03/2020
	01/03/2015	29,196	Nil	01/03/2018	01/03/2020
	01/03/2016	40,558	Nil	01/03/2019	01/03/2021
	01/03/2017	41,599	Nil	01/03/2020	01/03/2022
Nicholas Cadbury	01/03/2015	11,317	Nil	01/03/2018	01/03/2020
	01/03/2016	16,153	Nil	01/03/2019	01/03/2021
	01/03/2017	17,659	Nil	01/03/2020	01/03/2022
Louise Smalley	01/03/2015	7,940	Nil	01/03/2018	01/03/2020
	01/03/2016	11,333	Nil	01/03/2019	01/03/2021
	01/03/2017	11,675	Nil	01/03/2020	01/03/2022

Deferred Shares awards

<u>Name</u>	<u>Date of award</u>	<u>No. of Ordinary Shares</u>	<u>Exercise price</u>	<u>Normal vesting date</u>
Alison Brittain	01/03/2016	3,074	Nil	01/03/2019
	01/03/2017	9,104	Nil	01/03/2020
	01/03/2018	11,102	Nil	01/03/2021
Nicholas Cadbury	01/03/2016	4,600	Nil	01/03/2019
	01/03/2017	6,128	Nil	01/03/2020
	01/03/2018	7,383	Nil	01/03/2021
Louise Smalley	01/03/2016	3,227	Nil	01/03/2019
	01/03/2017	4,051	Nil	01/03/2020
	01/03/2018	4,799	Nil	01/03/2021

Performance Share Plan awards

<u>Name</u>	<u>Date of award</u>	<u>No. of Ordinary Shares</u>	<u>Exercise price</u>	<u>Vesting date</u>	<u>First exercisable date</u>
Alison Brittain	27/06/2018	83,786	Nil	Completion ⁽¹⁾	24 months following vesting
Nicholas Cadbury	27/06/2018	49,943	Nil	Completion ⁽¹⁾	24 months following vesting
Louise Smalley	27/06/2018	33,018	Nil	Completion ⁽¹⁾	24 months following vesting

(1) Awards will vest, subject to assessment of performance conditions, on the earlier of: (i) the date on which the Remuneration Committee determines that a separation of the Costa and Premier Inn businesses has completed (whether by way of demerger or by way of the sale to a third party of all or substantially all of one or other of those businesses); and (ii) 27 June 2020.

5. Directors' service contracts and letters of appointment

Key details on the terms of the Directors' service contracts and letters of appointment providing for benefits upon termination of employment are summarised below.

5.1 Executive Directors

All of the Executive Directors have a rolling service contract with a 12-month notice period from the Company. The Company may make a payment in lieu of notice to include up to 12 monthly payments of base salary and the cash equivalent of pension contributions. The Company may either allow for contractual benefits to continue during this time or, at its sole discretion, pay the value of those benefits on a monthly basis. Neither notice nor payment in lieu of notice would be given if a Director left by reason of gross misconduct.

A Director is under a contractual duty to mitigate his or her position by actively seeking an alternative remunerated position and the Company will make a corresponding reduction in any payment made for loss of office. Where a payment in lieu of notice is not applicable, the payment of salary and contractual benefits would cease on the individual's leaving date.

The dates of the Executive Directors' service contracts are as follows:

<u>Name</u>	<u>Date of appointment</u>
Alison Brittain	21 May 2015
Nicholas Cadbury	3 September 2012
Louise Smalley	25 October 2012

There are no agreements between the Company and its Directors providing for compensation for loss of office or employment that occurs as a result of a takeover bid.

The Remuneration Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include, but are not limited to, paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his or her cessation of office or employment.

Rights to shares under each of the Company's Annual Incentive Scheme, Long Term Incentive Plan and Performance Share Plan upon the cessation of a Director's office or employment are governed by the rules of the respective scheme or plan.

5.2 Non-Executive Directors

Non-Executive Directors have letters of appointment setting out their duties and the time commitment expected of them. Appointments are for an initial term of three years, after which they are reviewed and their appointment can be terminated by either party on three months' notice. Non-Executive Directors have no entitlement to compensation on termination.

The dates of the Non-Executive Directors' letters of appointment are as follows:

<u>Name</u>	<u>Date of appointment</u>
Adam Crozier ⁽¹⁾	3 January 2018
David Atkins	12 October 2016
Richard Gillingwater	8 May 2018
Chris Kennedy	24 November 2015
Deanna Oppenheimer	12 October 2016
Susan Taylor Martin	3 August 2011

(1) Prior to becoming Chairman of Whitbread, Adam Crozier was appointed a Non-Executive Director under a letter of appointment dated 5 January 2017.

6. Major shareholders

The following table sets out the name of each person who is directly, or indirectly, interested in voting rights representing three per cent. or more of the total voting rights in respect of the Company's issued share capital as at the Latest Practicable Date, insofar as it is known to the Company by virtue of notifications made to it pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules or otherwise.

<u>Shareholder</u>	<u>No. of Ordinary Shares</u>	<u>Percentage of voting rights</u>	<u>Date of notification</u>
Blackrock, Inc	10,049,576	5.41	8 August 2018
Elliott Capital Advisors LP	9,727,854	5.30	13 April 2018
Longview Partners LLP	9,240,506	5.04	7 October 2016
Aberdeen Asset Managers Ltd	9,155,869	4.99	10 January 2017
MFS Investment Management	8,855,756	4.82	23 May 2018
Sachem Head Capital Management LP	6,200,000	3.40	5 December 2017

7. Related party transactions

Details of related party transactions (which, for these purposes, are those set out in the standard adopted according to Regulation (EC) No 1606/2002) that the Company has entered into:

- (A) during the financial year ended 3 March 2016 are disclosed, in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002, on pages 76 to 91, in note 16 on page 130, in note 17 on page 131 and in note 32 on page 148 of the Company's 2016 Annual Report;
- (B) during the financial year ended 2 March 2017 are disclosed, in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002, on pages 78 to 98, in note 15 on page 137 and in note 30 on page 154 of the Company's 2017 Annual Report; and
- (C) during the financial year ended 1 March 2018 are disclosed, in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002, on pages 72 to 87, in note 15 on page 129 and in note 30 on page 146 of the Company's 2018 Annual Report.

During the period between 2 March 2018 and the Latest Practicable Date, no related party transactions have occurred, except for the sale by Costa of the old roastery site in Lambeth to Whitbread Group PLC on 20 August 2018 for an inter-company receivable to the value of £913,679.81.

8. Material contracts

8.1 The Retained Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Retained Group, either: (i) within the two years immediately preceding the date of this document which are or may be material to the Retained Group; or (ii) at any time, which contain any provision under which any member of the Retained Group has any obligation or entitlement which is or may be material to the Retained Group as at the date of this document, save as disclosed below.

Sale and Purchase Agreement

A summary of the principal terms and conditions of the Sale and Purchase Agreement is set out in Part III (Summary of the principal terms of the Transaction Documents) of this document.

Transitional Services Agreement

A summary of the principal terms and conditions of the Transitional Services Agreement is set out in Part III (Summary of the principal terms of the Transaction Documents) of this document.

Acquisition of Foremost Hospitality HIEX GmbH

Whitbread Holdings Germany GmbH (the "**Whitbread Purchaser**") entered into a share purchase agreement (the "**Foremost SPA**") dated 27 February 2018 between, among others, Foremost Hospitality Geschäftsführungs-Gesellschaft mbH, in its own capacity and in its capacity as general partner of Foremost Hospitality GmbH & Co. KG (the "**Foremost Seller**"), for the acquisition of the

entire issued share capital of Foremost Hospitality HIEX GmbH (the “**Foremost Target**”) (the “**Foremost Acquisition**”). The Foremost Target rents a total of 19 hotel sites in Germany, of which 13 are operational hotels (the “**Open Hotels**”) and six are currently under development (the “**Pipeline Hotels**”). Each of the Open Hotels and the Pipeline Hotels are currently subject to the terms of franchise arrangements with another hotel brand (the “**Current Franchisor**”).

The transaction is subject to a number of conditions, including, without limitation, whether, prior to completion: (i) the Foremost Seller has entered into a lease addendum with the hotel landlords in respect of the Foremost Acquisition; and (ii) the franchise arrangements with the Current Franchisor have been validly terminated.

The Foremost Seller gave a full set of warranties to the Whitbread Purchaser, including, without limitation, with respect to title and authority, finance and accounts, insolvency, assets (including IT), liabilities, employment, disputes, the franchise agreements and material contracts. The Foremost Seller’s liability for a breach of certain fundamental warranties (including title and authority and insolvency) is capped at 100 per cent. of the consideration due under the Foremost SPA.

The agreement is governed by German law.

Revolving Credit Facility

Whitbread Group PLC entered into a revolving multicurrency loan facility between, among others, Whitbread Group PLC (as borrower), Whitbread, Premier Inn Hotels Limited and Costa (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) (the “**RCF**”). The RCF was put in place to provide the Group with access to funding for general corporate purposes.

Whitbread Group PLC has the right to cancel the whole or any part of the aggregate outstanding commitments under the RCF and is permitted to voluntarily prepay any outstanding loans.

The RCF contains covenants by, and restrictions on, Whitbread Group PLC and the guarantors, as well as customary events of default, upon the occurrence of which the lenders may terminate the facilities and demand repayment. The RCF also contains an interest cover covenant and a leverage covenant.

The RCF is unsecured but is guaranteed by certain members of the Group (including Whitbread, Premier Inn Hotels Limited and Costa). The RCF 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 RCF. It is expected that this mechanism will be used for the release of Costa in connection with the Transaction.

Under the RCF, Whitbread Group PLC is required to ensure that the guarantor group covers more than 75 per cent. of the consolidated profits, total assets and consolidated turnover of the Group (respectively).

Any amounts which have been drawn under the RCF 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 Agreement is governed by English law.

Senior unsecured bonds

On or about 28 May 2015, Whitbread Group PLC (as issuer) issued £450 million 3.375% guaranteed bonds due 2025 (the “**Bonds**”). The Bonds were initially issued in bearer form in denominations of £100,000.

The terms and conditions of the Bonds are set out in a trust deed entered into between Whitbread Group PLC (as issuer), Whitbread, Premier Inn Hotels Limited and Costa (each as guarantors) and HSBC Corporate Trustee Company (UK) Limited (as trustee) dated 28 May 2015 (the “**Bond T&Cs**”).

The Bonds are unsecured but are guaranteed by certain members of the Group (including Whitbread, Premier Inn Hotels Limited and Costa). The guarantors under the Bonds are required to be the same as under the Revolving Credit Facility Agreement. The Bond T&Cs include a mechanism for accession and release of guarantors to ensure the guarantors of the Bonds are the same as the guarantors under the Revolving Credit Facility Agreement. It is expected that this mechanism will be used for the release of Costa in connection with the Transaction.

The Bond T&Cs include a right for Whitbread Group PLC to optionally redeem the Bonds after 16 July 2025 at a price equal to the principal amount of the Bonds or, if it elects to redeem the Bonds prior to 16 July 2025, at a price equal to the principal amount of the Bonds plus a make-whole amount. The Bond T&Cs include a right for the holders to require redemption of the Bonds in the event of a change of control of Whitbread.

The Bond T&Cs contain customary events of default, upon the occurrence of which the trustee may (if directed by holders of at least one quarter of the principal amount of the Bonds then outstanding) declare that the Bonds are immediately due and payable.

The Bond T&Cs are governed by English law.

Private placement loan notes

Whitbread Group PLC has entered into the following note purchase agreements prior to or in connection with the issuance of US private placement notes:

- (A) a note purchase and guarantee agreement between, among others, Whitbread Group PLC (as issuer), Whitbread (as parent guarantor), Costa (as a subsidiary 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), Whitbread (as parent guarantor), Costa (as a subsidiary guarantor) and each purchaser dated 27 July 2011 (the “**2011 NPA**”) relating to the outstanding: (i) \$60 million 3.92% Series A Senior Notes (due 26 January 2019); (ii) \$56.5 million 4.12% Series B Senior Notes (due 26 January 2019); (iii) \$93.5 million 4.86% Series C Senior Notes (due 26 January 2022); and (iv) £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), Whitbread (as parent guarantor), Costa (as a subsidiary 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**”, and each of the notes issued under the NPAs being, together, the “**Notes**”).

The terms of each of the NPAs are substantially similar, save with respect to amount, pricing, maturity and other similar provisions.

The Notes are unsecured but are guaranteed by certain members of the Group (including Whitbread, Premier Inn Hotels Limited and Costa). The guarantors under the Notes are required to be the same as under the Revolving Credit Facility Agreement. The NPAs include a mechanism for accession and release of guarantors to ensure the guarantors of the Bonds are the same as the guarantors under the Revolving Credit Facility Agreement. It is expected that this mechanism will be used for the release of Costa in connection with the Transaction.

Under the NPAs, Whitbread Group PLC is required to ensure that the guarantor group covers more than 75 per cent. 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 any part of the Notes at a price equal to 100 per cent. plus a make-whole amount. The NPAs include a requirement that Whitbread Group PLC makes an offer to prepay the Notes in the event of a change of control of Whitbread.

The NPAs contain covenants by, and restrictions on, Whitbread Group PLC, the guarantors and certain other members of the Group (the “**Restricted Group**”), as well as customary events of default,

upon the occurrence of which the 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. The NPAs also contain an interest cover covenant and a leverage covenant. Each of the NPAs is governed by English law.

8.2 Costa

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Costa Group, either: (i) within the two years immediately preceding the date of this document, which are or may be material to the Costa Group; or (ii) at any time, which contain any provision under which any member of the Costa Group has any obligation or entitlement which is or may be material to the Costa Group as at the date of this document.

9. Litigation

9.1 The Retained Group

There are no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which Whitbread is aware) during the 12 months immediately prior to the date of this document, which may have, or have had in the recent past, a significant effect on the Retained Group’s financial position or profitability.

9.2 Costa

There are no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which Whitbread is aware) during the 12 months immediately prior to the date of this document, which may have, or have had in the recent past, a significant effect on Costa’s financial position or profitability.

10. Key individuals

The following individuals are deemed to be key individuals to Costa:

<u>Name</u>	<u>Position</u>
Dominic Paul	Managing Director of Costa
Sarah Highfield	Finance Director of Costa

11. Working capital

The Company is of the opinion that the Retained Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

12. Group profit forecast

The Company, in a conference call on 27 June 2018, in relation to the FY2019 first quarter trading update, stated that it was comfortable that the Group would deliver profits before tax in line with market consensus expectations, which at the time were approximately £609 million for the financial year ending 28 February 2019 (the “Original Guidance”).

The market consensus expectations of approximately £609 million in the year ending 28 February 2019 was a collation of forecasts, estimates and opinions made by 18 research analysts compiled by the Company and made available on the Company’s website (<https://www.whitbread.co.uk/investors/analyst-coverage>) on 27 June 2018.

The Original Guidance is a profit forecast and, as a result, this document is required to include a statement on the Original Guidance and an explanation of why the Original Guidance is no longer valid, if that is the case.

In this context, the Directors consider that the Transaction will have the following impact on Whitbread’s reported results:

- (A) there will be changes to the way the Group accounts for Costa, including in the Group’s interim results for the half year to 31 August 2018 which will be published on 23 October 2018. Until Completion occurs, Costa will be accounted for as an asset held for sale and presented in the Group’s accounts as a discontinued operation; and

- (B) during the current and following financial years, the Retained Group will incur restructuring costs relating to the separation of Costa as well as incremental central costs as a result of separation, and redevelopment, of previously shared services.

Given the above, the Directors consider that the Original Guidance is no longer valid.

The Directors do not regard reassessment of the Original Guidance, for the purposes of the Listing Rules, to be necessary to allow Shareholders to make a properly informed decision with respect to the Transaction.

The Directors remain confident of the prospects for the Retained Group and have provided an update on current trading and future prospects of the Group in Part I (Letter from the Chairman) of this document.

13. Significant changes

13.1 The Retained Group

There has been no significant change in the financial or trading position of the Retained Group since 1 March 2018, the date to which the last published financial statements of the Group were prepared.

13.2 Costa

There has been no significant change in the financial or trading position of Costa since 1 March 2018, the date to which the historical financial information relating to Costa in Part IV (Historical financial information relating to Costa) of this document was prepared.

14. Consents

Morgan Stanley has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

Goldman Sachs has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

Deutsche Bank has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

Deloitte LLP has given and has not withdrawn its written consent to the inclusion in Section B of Part V (Unaudited pro forma statement of net assets of the Retained Group) of this document of its report on the pro forma financial information on the Retained Group as at 1 March 2018 in the form and context in which it is included.

15. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sunday and UK public holidays excepted) up to and including the date of the General Meeting at the Company's registered office, Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE:

- (A) this document;
- (B) the Articles of Association of Whitbread;
- (C) the written consents referred to in paragraph 14 above;
- (D) the Sale and Purchase Agreement;
- (E) the report from Deloitte LLP set out in Section B of Part V (Unaudited pro forma statement of net assets of the Retained Group) of this document; and
- (F) the consolidated audited accounts of the Group for the financial years ended 3 March 2016, 2 March 2017 and 1 March 2018.

Dated 21 September 2018

**PART VII
INFORMATION INCORPORATED BY REFERENCE**

The table below sets out the various information incorporated by reference into this document, so as to provide the information required under the Listing Rules. These documents are also available at www.whitbread.co.uk.

<u>Document</u>	<u>Information incorporated by reference</u>	<u>Page number(s) in this document</u>
Company's 2016 Annual Report . .	Information on related party transactions included on pages 76 to 91 and in notes 16, 17 and 32 to the consolidated financial statements for the financial year ended 3 March 2016	28
Company's 2017 Annual Report . .	Information on related party transactions included on pages 78 to 98 and in notes 15 and 30 to the consolidated financial statements for the financial year ended 2 March 2017	28
Company's 2018 Annual Report . .	Information on related party transactions included on pages 72 to 87 and in notes 15 and 30 to the consolidated financial statements for the financial year ended 1 March 2018	28

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. It should be noted that, except as set forth above, no other portion of the above documents are incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for Shareholders or the relevant information is included elsewhere in this document.

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). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

PART VIII DEFINITIONS

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

"2010 NPA", "2011 NPA", and "2017 NPA"	have the meaning given to them in paragraph 8.1 of Part VI (Additional information);
"Antitrust Conditions"	has the meaning given to it in paragraph 1.3 of Part III (Summary of the principal terms of the Transaction Documents);
"Antitrust Long Stop Date"	1 March 2019 or any postponement of such date pursuant to the terms of the Sale and Purchase Agreement;
"APMs"	has the meaning given to it in the "Presentation of Information" section at the start of this document;
"Articles of Association"	the articles of association of Whitbread as at the date of this document;
"Board"	the board of directors of the Company;
"Bond T&Cs"	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
"Bonds"	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
"China Merger Condition"	a filing having been made to and accepted by the State Administration of Market Regulation (" SAMR ") pursuant to the Anti-Monopoly Law of China and SAMR having issued a decision confirming that it will not conduct further review of the Transaction or allowing the Transaction to proceed, or all applicable waiting periods under the Anti-Monopoly Law in respect of the review of the Transaction having expired and no objection having been raised;
"Coca-Cola"	The Coca-Cola Company, a company incorporated in the State of Delaware, whose registered office is at 1 Coca-Cola Plaza, NW Atlanta, Georgia 30313;
"Company"	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;
"Completion"	completion of the Transaction in accordance with the terms of the Sale and Purchase Agreement;
"Completion Date"	the date upon which Completion occurs;
"Consideration"	has the meaning given to it in paragraph 1.2 of Part III (Summary of the principal terms of the Transaction Documents);
"Costa" or "Costa Limited"	Costa Limited, a private limited company incorporated in England and Wales with registered number 01270695, whose registered office is at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE;
"Costa Group"	Costa together with its subsidiaries and subsidiary undertakings;

“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;
“CREST Proxy Instruction”	a proxy appointment or instruction made via CREST, authenticated in accordance with Euroclear’s specifications and containing the information set out in the CREST Manual;
“Current Franchisor”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
“Deutsche Bank”	Deutsche Bank AG, acting through its London Branch;
“Directors”	the directors of the Company at the date of this document, details of which are set out in paragraph 3 of Part VI (Additional information) of this document and “Director” means any one of them;
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made under Part VI of FSMA (and contained in the UKLA’s publication of the same name), as amended from time to time;
“EBITDA”	underlying earnings before interest, tax, depreciation and amortisation, excluding income from joint ventures and associates;
“EU Merger Clearance Condition” .	the European Commission having issued a decision that: (i) the Transaction does not fall within the scope of Council Regulation (EC) No. 139/2004 (the “Merger Regulation”) pursuant to Article 6(1)(a) of the Merger Regulation; or (ii) the concentration is compatible with the internal market pursuant to Articles 6(1)(b) or 6(2) of the Merger Regulation (or being deemed to have done so under Article 10(6) of the Merger Regulation), and/or, if the European Commission refers the Transaction to the competent authorities of one or more member states under Article 9 of the Merger Regulation, the obtaining of all necessary regulatory clearances, consents or approvals from each such competent authority which satisfy (or together satisfy) paragraphs (i) and (ii) above;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“Executive Directors”	the executive directors of the Company at the date of this document and “Executive Director” means any one of them;
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority of the United Kingdom and, where applicable, includes any successor body or bodies carrying out the functions currently carried out by the Financial Conduct Authority;
“Foremost Acquisition”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
“Foremost Seller”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
“Foremost SPA”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);

“Foremost Target”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
“Form of Proxy”	the form of proxy enclosed with this document, for use by Shareholders in connection with the General Meeting;
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time;
“General Meeting”	the general meeting of Whitbread to be held at 2.00 p.m. on 10 October 2018, as described in the Notice of General Meeting;
“Goldman Sachs”	Goldman Sachs International;
“Group”	the Company together with its subsidiaries and subsidiary undertakings;
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board from time to time;
“Latest Practicable Date”	close of business on 20 September 2018 (being the latest practicable date prior to the publication of this document);
“Listing Rules”	the listing rules made under Part VI of FSMA (and contained in the UKLA’s publication of the same name), as amended from time to time;
“Morgan Stanley”	Morgan Stanley & Co. International plc;
“Net Cash Proceeds”	has the meaning given to it in paragraph 1 of Part I (Letter from the Chairman);
“Net Debt”	total borrowings after deducting cash and cash equivalents;
“Non-Executive Directors”	the non-executive directors of the Company at the date of this document and “Non-Executive Director” means any one of them;
“Notes”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
“Notice of General Meeting”	the notice of the General Meeting which is set out at the end of this document;
“NPAs”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
“Open Hotels”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
“Ordinary Shares”	ordinary shares of 76 ¹²² / ₁₅₃ pence each in the capital of the Company;
“Original Guidance”	has the meaning given to it in paragraph 12 of Part VI (Additional information);
“Pipeline Hotels”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
“PRA” or “Prudential Regulation Authority”	the Prudential Regulation Authority of the United Kingdom and, where applicable, includes any successor body or bodies carrying out the functions currently carried out by the Prudential Regulation Authority;
“Premier Inn”	the Premier Inn business;
“Premier Inn Hotels Limited”	Premier Inn Hotels Limited, a private limited company incorporated in England and Wales with registered

	number 05137608, whose registered office is at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE;
“Prospectus Rules”	the prospectus rules made under Part VI of FSMA (and contained in the UKLA’s publication of the same name), as amended from time to time;
“RCF”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
“Registrar”	Link Asset Services;
“Regulatory Information Service”	one of the regulatory information services authorised by the UKLA to receive, process and disseminate regulatory information from listed companies;
“Remuneration Committee”	the Company’s remuneration committee;
“Resolution”	the ordinary resolution of the Company seeking approval at the General Meeting for the Transaction, as set out in the Notice of General Meeting;
“Restricted Group”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
“Retained Group”	the Company, its subsidiaries and subsidiary undertakings (and, for the avoidance of doubt, excluding the Costa Group), being the continuing businesses of the Group following the Transaction;
“Revolving Credit Facility Agreement”	has the meaning given to it in paragraph 8.1 of Part VI (Additional information);
“Sale and Purchase Agreement” or “SPA”	the sale and purchase agreement between the Company, Whitbread Group PLC and Coca-Cola as described in paragraph 1 of Part III (Summary of the principal terms of the Transaction Documents);
“Shareholder(s)”	holders of Ordinary Shares;
“Shareholder Approval Condition”	has the meaning given to it in paragraph 1.3 of Part III (Summary of the principal terms of the Transaction Documents);
“Shareholder Approval Long Stop Date”	30 November 2018;
“subsidiary” or “subsidiaries”	has the meaning given in section 1159 of the Companies Act 2006;
“Tax Covenant”	has the meaning given to it in paragraph 1.7 of Part III (Summary of the principal terms of the Transaction Documents);
“Transaction”	the proposed sale of Costa on the terms set out in the Sale and Purchase Agreement;
“Transaction Documents”	the Sale and Purchase Agreement and the Transitional Services Agreement;
“Transitional Services Agreement” or “TSA”	the transitional services agreement between Whitbread Group PLC and Coca-Cola as described in paragraph 2 of Part III (Summary of the principal terms of the Transaction Documents);

"UKLA"	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of FSMA;
"Underlying profit before tax"	profit before tax before non-underlying items;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"Whitbread"	the Company;
"Whitbread Group PLC"	a public limited company incorporated in England and Wales with registered number 00029423, whose registered office is at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE; and
"Whitbread Purchaser"	has the meaning given to it in paragraph 8.1 of Part VI (Additional information).

WHITBREAD PLC

(registered in England and Wales with registered number 04120344)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of Whitbread PLC (the “**Company**”) will be held at Goldman Sachs International, River Court/Brook House, 120 Fleet Street, London EC4A 2BE at 2.00 p.m. on 10 October 2018, for the purposes of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution.

For the purposes of this resolution, capitalised terms used but not defined herein shall (unless the context otherwise requires) have the meaning ascribed to them in the Company’s circular to shareholders dated 21 September 2018 of which this notice forms part.

ORDINARY RESOLUTION

THAT the proposed sale by the Company of Costa on the terms and subject to the conditions contained in the Sale and Purchase Agreement and set out in the circular sent to Shareholders dated 21 September 2018 and the associated and ancillary arrangements related thereto be and are hereby approved, and that the Directors (or a duly authorised committee thereof) be and are hereby authorised to:

- a. take all such steps, execute all such agreements and make all such arrangements as may seem to them necessary, expedient or desirable for the purpose of giving effect to, or otherwise in connection with, this resolution, the Transaction, the Sale and Purchase Agreement and/or the associated and ancillary agreements and arrangements relating thereto; and
- b. agree and make such modifications, variations, revisions, waivers and/or amendments in relation to any of the foregoing (provided that such modifications, variations, revisions, waivers or amendments are not material for the purposes of Listing Rule 10.5.2) as they may in their absolute discretion think necessary, expedient or desirable.

By order of the Board

Chris Vaughan

General Counsel and Company Secretary
21 September 2018

Registered office

Whitbread PLC

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

Notes to the Notice of General Meeting

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this document.
2. The return of a completed proxy form, or any electronic or CREST proxy instruction (as described in paragraph 4 below), will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so and is so entitled.
3. To be effective, the instrument appointing a proxy, together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof, must be received by the Registrar at Link Asset Services, Whitbread Share Register, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 2.00 p.m. on 8 October 2018 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

Proxy appointments submitted via the internet at www.whitbread-shares.com must be received not later than 2.00 p.m. on 8 October 2018 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

4. If you are a user of the CREST system (including a CREST personal member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint a proxy or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, the CREST message must be received by the Registrar (CREST participant ID RA10) not later than 2.00 p.m. on 8 October 2018 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrar is able to retrieve the message.

CREST Personal Members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings, please refer to the CREST Manual (available via www.euroclear.com). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Entitlement to attend and vote at the meeting and the number of votes which may be cast at the meeting will be determined by reference to the register of members of the Company as at close of business on 8 October 2018.

If the meeting is adjourned, entitlement to attend and vote will be determined by reference to the register of members of the Company as at close of business two days prior to the adjourned meeting (excluding non-working days). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

6. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
7. The right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006. Persons nominated to receive information rights under section 146 of the Companies Act 2006 who have been sent a copy of this Notice of General Meeting are hereby informed that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting.

If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated

persons should contact the registered member by whom they were nominated in respect of these arrangements.

8. In the case of joint holders, where more than one of the joint holders purports to vote (including voting by proxy), the only vote which will count is the vote of the person whose name is listed before the other joint holder(s) on the register of members of the Company for the share.
9. Any shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting, but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. If you attend the meeting in person, you may be included in the recording of the meeting. Please note that this recording is solely for the purpose of creating a transcript of the meeting and will not be made publicly available.
10. A copy of this Notice of General Meeting, and other information required by section 311A of the Companies Act 2006, can be found at www.whitbread.co.uk. Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, these notes.
11. Shareholders should only use any electronic address provided in either this Notice of General Meeting or any related documents (including the Chairman's letter and the proxy form) to communicate with the Company for the purposes expressly stated.
12. At the close of business on 20 September 2018 (being the latest practicable date prior to the publication of this Notice of General Meeting), the Company had 195,767,790 ordinary shares in issue, of which 12,131,506 ordinary shares were held in treasury. Therefore, the total number of voting rights in the Company was 183,636,284. The ordinary shares have a nominal value of 76¹²²/₁₅₃ pence each. On a poll, each holder of ordinary shares has one vote per share.

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