

Frequently Asked Questions on the impact of the 2020 Rights Issue on Employee Share Plan Awards

What is a rights issue?

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

Why is Whitbread doing this?

The purpose of the rights issue is to ensure that Whitbread emerges from the COVID-19 pandemic in the strongest possible position to take advantage of its long-term growth opportunities in the UK and German hotel markets and win market share in a potentially weakened sector. Whitbread has the number one brand in the United Kingdom budget-branded hotel market with best-in-class operational performance. The rights issue is intended to provide it with the balance sheet necessary to support the continued investment required to deliver its strategy.

Whitbread's strategy is clear and straightforward: to use Whitbread's unique business model to access the long-term growth opportunities in the United Kingdom and German hotel markets. The Board unanimously believes that the rights issue is necessary to, and will, put Whitbread in the best possible position to deliver this strategy.

Please refer to Whitbread's prospectus to shareholders in connection with the rights issue (the "Prospectus") and, in particular, the letter from the Chairman (on page 46) for further details.

How much will Whitbread raise and how long will it last?

Whitbread will raise £1b and the process will take around 2 weeks.

Who is eligible to participate in the rights issue?

Qualifying Shareholders (as defined in the Prospectus) who held shares at the close of business on the "record date" for the rights issue (19 May 2020). These are shareholders who actually own shares – not those who have options, or who have entitlements through an employee share plan.

I have personal shares in Whitbread outside of the Whitbread employee share plans. Will this offer be open to me?

Yes, provided that you were a Qualifying Shareholder (as defined in the Prospectus) on the register of Whitbread shareholders at the close of business on 19 May 2020.

What are the key dates for the rights issue?

Please refer to the expected timetable of principal events set out in the Prospectus. It is expected that shareholders will have until 11.00 a.m. on 9 June 2020 to take up their entitlements under the rights issue.

Who can I talk with to find out more?

With regard to any personal investments you may have, you should consult with an independent professional adviser authorised under the Financial Services and Markets Act 2000 if you have any questions. They should be able to advise you on the choices available to you, taking into account your own personal circumstances. Link, Whitbread, and their employees and officers, are not authorised to give you any financial, investment or tax advice.

Whitbread Employee Share Plans

What will happen to my awards or options under the rights issue?

You are not entitled to participate in the rights issue in your capacity as a participant in Whitbread's employee share plans. This is because you do not own the underlying shares which are subject to your awards or options.

However, the rules of the relevant share plans give Whitbread the discretion to adjust your awards or options in connection with the rights issue. Whitbread has exercised this discretion to adjust your awards and/or options so that their value remains substantially the same immediately before and after the rights issue.

How will this impact me?

Be assured that this will not be detrimental to you if you are in the Share-save scheme or have share awards under one of the Whitbread Share Plans.

Which shares will be automatically adjusted?

Any unexercised or unvested share awards will be automatically adjusted, including:

- Awards that have vested, but not been exercised (including because they are in a holding period), under the 'LTIP' (2015), any deferred equity under the 'WIS' (Whitbread (Annual) incentive Scheme), restricted stock awards under the 'Recruitment and Retention ('R&R') Share Scheme' (Tranche 1)
- Awards for which performance/underpins has not yet been tested, under the RSP (2019) and

- Awards that have no further performance conditions, but have not yet vested under the 'LTIP' (2018) ; 'WIS' (2018) deferred equity ; Restricted Stock (Tranche 2) under the 'R&R' share scheme
- Sharesave options

How will Sharesave options be affected?

Sharesave participants cannot take part in the rights issue. However, Sharesave options will be adjusted so that participants are not disadvantaged by the rights issue. This is done via a standard HMRC formula and will involve a reduction in option prices as well as, in most cases, an increase in the number of shares people can buy at the end of the contract. No changes will be made to monthly savings amounts or any other terms.

Will a new Sharesave scheme be opened now for those employees who haven't opted into a current Sharesave scheme but would like to invest now?

No, there are no plans to open up Sharesave at this time and the next opportunity to join will be in November 2020.

How will other awards be adjusted?

The number of shares subject to your awards or options will typically be increased so that the value of your awards remains substantially the same immediately before and after the rights issue.

What about tax?

You will not have to pay any tax on the adjustment of your awards or options.

When will I know the new adjusted number of shares subject to my awards or options?

We will write to you in due course after the rights issue has closed with details of your adjusted awards or options which will be available to view on the 'Link' portal.

Will the share plan rules be changing as a result of the rights issue?

No, the share plan rules will not be amended. The remainder of the terms of your awards or options will remain the same.

Where can I find out more about the rights issue?

Further details are available in the Prospectus and via the Whitbread website under the 'Investors' section.

How will my share awards be adjusted?

Your awards will be adjusted based on a standard HMRC-approved formula that is designed to adjust for rights issues.

If I exercise any options or awards before the rights issue has concluded, will my awards still be adjusted?

No. Only unexercised options or awards will be adjusted.

When will I be able to exercise my options and awards once the adjustments have been made?

You will be able to exercise your options and awards on the Link portal as usual from 13 June 2020.

Key terms used by Link the share administrator

WIS: Whitbread Incentive Scheme (also referred to as the Annual Incentive Scheme).

LTIP: Long Term Incentive Plan

R&R: Recruitment & Retention Scheme – a scheme that enables Whitbread to make awards outside of normal Share Plan rules, e.g. the 2018 Restricted Stock Award and the 2018 LTIP Award.