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**MITCHELLS & BUTLERS FINANCE PLC ANNOUNCES AGREEMENT OF CERTAIN
AMENDMENTS AND WAIVERS IN RELATION TO ITS SECURED NOTE FINANCING**

15 February 2021

Mitchells & Butlers Finance plc (the *Issuer*) as issuer in respect of the £200,000,000 Class A1N Secured Floating Rate Notes due 2030 (XS0267227212) (the *Class A1N Notes*), £550,000,000 Class A2 Secured 5.574 per cent. Notes due 2030 (XS0179133953) (the *Class A2 Notes*), the \$418,750,000 Class A3N Secured Floating Rate Notes due 2030 (XS0267229267) (the *Class A3N Notes*), the £170,000,000 Class A4 Secured Floating Rate Notes due 2030 (XS0267230943) (the *Class A4 Notes*), the £325,000,000 Class AB Secured Floating Rate Notes due 2033 (XS0267232485) (the *Class AB Notes*), the £350,000,000 Class B1 Secured 5.965 per cent. Notes due 2025 (XS0179135909) (the *Class B1 Notes*), the £350,000,000 Class B2 Secured 6.013 per cent. Notes due 2030 (XS0179137194) (the *Class B2 Notes*), the £200,000,000 Class C1 Secured 6.469 per cent. Notes due 2032 (XS0179137947) (the *Class C1 Notes*), the £50,000,000 Class C2 Secured Floating Rate Notes due 2034 (XS0267233020) (the *Class C2 Notes*) and the £110,000,000 Class D1 Secured Floating Rate Notes due 2036 (XS0267233889) (the *Class D1 Notes* and together with the Class A1N Notes, the Class A2 Notes, the Class A3N Notes, the Class A4 Notes, the Class AB Notes, the Class B1 Notes, the Class B2 Notes, the Class C1 Notes and the Class C2 Notes, the *Notes*) confirms that it has agreed certain amendments and waivers in respect of its secured Note financing transaction.

Reference is made to the notice given to holders of the Notes on 11 June 2020 that certain amendments and waivers (the *2020 Waivers and Amendments*) had been agreed by the Issuer and Mitchells & Butlers Retail Limited (the *Borrower*) with its controlling creditor, Ambac Assurance UK Limited (*Ambac*), and HSBC Trustee (C.I.) Limited as trustee and borrower security trustee (the *Trustee*) under the secured Note financing in order to prevent a number of breaches of certain provisions arising as a result of the impact of COVID-19 and the measures taken by the UK Government and devolved administrations to stem the spread of the virus.

As a result of the continuing impact of the COVID-19 pandemic, and the related measures that the UK Government and devolved administrations have taken to limit its effects, including the further temporary closures of entertainment and hospitality premises, and operational restrictions imposed on entertainment and hospitality premises (the *COVID Measures*), and the significant impact of such measures on the pubs, restaurants and bars which indirectly support the obligations of the Issuer under the Notes, the Issuer and Borrower have agreed a number of further amendments and waivers with Ambac and the Trustee (the *2021 Waivers and Amendments*). Such amendments and waivers seek to extend and/or further amend the 2020 Waivers and Amendments and include:

- a further amendment to the 30-day suspension of business provision in order to carve out from such provision any closures, suspensions or operational restrictions arising as a result of measures adopted by the UK Government, devolved administrations or by the Mitchells & Butlers group in response to the COVID-19 pandemic, effective as of 31 December 2020; and
- a waiver of the failure by the Borrower to pay in full the debt service which it is required to pay to the Issuer over the next three quarters, provided that: (I) such failure to pay results in the Issuer having to make drawings of no more than £110 million in total under its liquidity facility in order to meet payments of principal and interest on the Notes in respect of such quarters; and (II) the Issuer makes a partial repayment of amounts drawn under the liquidity facility in September 2021, repays any remaining outstanding drawings in full in December 2021 and does not make any further drawings.

The Issuer also notes that Mitchells & Butlers plc has today announced its intention to raise £350 million by way of a fully pre-emptive Open Offer (the *Proposed Open Offer*). In the event of a successful completion of the Proposed Open Offer on or before 30 April 2021, it has been agreed with Ambac and the Trustee that certain other amendments and waivers in respect of the secured Note financing contained in the 2021 Amendments and Waivers shall come into effect on the date on completion of the Proposed Open Offer. A further announcement will be made in due course as and when such further amendments and waivers come into effect.

The Issuer has not sought or requested any changes to the scheduled payments of interest or quarterly repayments of principal due to holders of the Notes. It anticipates that a combination of cash reserves held within the Issuer, together with a drawdown of some of the Issuer's undrawn liquidity facility and equity injections from the wider Mitchells & Butlers group will enable the Issuer to meet its ongoing quarterly debt service obligations under the Notes throughout the period during which the waivers apply, and that the waivers will be sufficient to enable the Borrower to restart its business once the COVID Measures allow it to do so.

To further ensure that liquidity is maximised within the Borrower, it has agreed not to make any distributions to the wider Mitchells & Butlers group for so long as the 2021 Waivers and Amendments apply. Once its business has recovered such that the waivers no longer apply and it can once again meet the conditions to making distributions under its financing documents, it will be able to make such distributions in the manner which it could do so prior to the COVID Measures being imposed.

These various amendments and waivers can be terminated by Ambac and/or the Trustee including if the Proposed Open Offer announced by Mitchells & Butlers plc today is not successfully completed by 30 April 2021 or if the Borrower and/or Issuer were to breach any provision of the waiver letter entered into with Ambac and the Trustee, or by the Trustee alone if Ambac ceases to be a controlling creditor.

The need for the waivers or amendments agreed by the Issuer is entirely caused by, and a direct consequence of, the effects of the COVID-19 pandemic and the COVID Measures. The Borrower's business continued to perform well prior to the COVID-19 shutdown and management are confident that it will do so again once the relevant restrictions are eased in due course.

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