

**FINAL INVESTOR REPORT**

**MITCHELLS & BUTLERS RETAIL LIMITED**

**For the Final Period ended 30 September 2006**

**This Final Investor Report covers the results for Mitchells & Butlers Retail Limited  
from 2 October 2005 to 30 September 2006**

To: HSBC Trustee (C.I.) Limited (as Borrower Security Trustee and Trustee)  
HSBC Global Investor Services (Ireland) Limited (as Irish Paying Agent)  
HSBC Bank plc (as Principal Paying Agent)  
Ambac Assurance UK Limited  
Standard & Poor's Rating Services  
Fitch Ratings Limited  
Moody's Investors Service Limited

On 15 September 2006 a further issue of Notes pursuant to the securitisation was completed. The total amount raised was £1.1bn, £655m of which was incremental financing and the balance of £450m was used to refinance existing sterling and dollar denominated Floating Rate Notes.

Terms defined in Schedule 1 (*Master Definitions Schedule*) of a master framework agreement (the "**Master Framework Agreement**") dated 13 November 2003, restated and amended on 15 September 2006 and made between, *inter alios*, the Issuer and the Borrower Security Trustee shall bear the same meaning herein.

Definitions :

- Q1 means the results for the Financial Quarter from 2 October 2005 to 21 January 2006;
- Q2 means the results for the Financial Quarter from 22 January 2006 to 15 April 2006;
- Q3 means the results for the Financial Quarter from 16 April 2006 to 8 July 2006;
- Q4 means the results for the Financial Quarter from 9 July 2006 to 30 September 2006.

Final Period & Relevant Period mean Q3 + Q4; and

Relevant Year means Q1 + Q2+ Q3 + Q4

## Principal Debt Movements

Q4 Principal Debt Movements on the Notes	Balance as at 9 July 2006 £m	New Notes £m	Scheduled repayments made £m	Prepayments £m	Balance as at 30 September 2006 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1809.2	1105.0	(9.5)	(450.0)	2454.7
Class A1 Notes	200.0			(200.0)	0.0
Class A1N Notes		200.0			200.0
Class A2 Notes	488.3		(6.3)		482.0
Class A3 Notes	\$418.8			(\$418.8)	0.0
Class A3N Notes		\$418.8			\$418.8
Class A4 Notes		170.0			170.0
Class AB Notes		325.0			325.0
Class B1 Notes	320.9		(3.2)		317.7
Class B2 Notes	350.0				350.0
Class C1 Notes	200.0				200.0
Class C2 Notes		50.0			50.0
Class D1 Notes		110.0			110.0

Q4 Principal Debt Movements on the Term Advance	Balance as at 9 July 2006 £m	Further Advances £m	Scheduled repayments made £m	Prepayments £m	Balance as at 30 September 2006 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,809.2	1105.0	(9.5)	(450.0)	2454.7
A1 Term Advance	200.0			(200.0)	0.0
A1N Term Advance		200.0			200.0
A2 Term Advance	488.3		(6.3)		482.0
A3 Term Advance	250.0			(250.0)	0.0
A3N Term Advance		250.0			250.0
A4 Term Advance		170.0			170.0
AB Term Advance		325.0			325.0
B1 Term Advance	320.9		(3.2)		317.7
B2 Term Advance	350.0				350.0
C1 Term Advance	200.0				200.0
C2 Term Advance		50.0			50.0
D1 Term Advance		110.0			110.0

## Specific Trading Details

Turnover for the 12 weeks comprising Q4 was £380.1m giving a total of £1601.2m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was £104.1m giving a total for the Relevant Year of £396.4m.

	<b>Q4</b> <b>(12 weeks)</b>	<b>Relevant Period</b> <b>(24 weeks)</b>	<b>Relevant Year</b> <b>(52 weeks)</b>
	£m	£m	£m
Turnover	380.1	756.2	1601.2
Operating expenses	(303.2)	(609.0)	(1312.1)
Operating Profit	76.9	147.2	289.1
EBITDA	104.1	198.4	396.4
Free Cash Flow	80.9	144.6	284.8
Debt Service	(34.6)	(66.3)	(143.7)

The securitisation tap issue was rated on an estate of 1704 sites (adjusting for acquisitions and planned disposals). For that estate, pro-forma EBITDA for the Relevant Year was £394m.

## Coverages and Covenants

Free Cashflow DSCR was 2.0 times and the EBITDA to Debt Service ratio was 2.8 times for the Relevant Year and 2.2 times and 3.0 times respectively for the Relevant Period. The Debt Service Covenant and Restricted Payment Condition were satisfied. Net Worth as at 30 September 2006 was £2,215m and the Net Worth Covenant is therefore satisfied.

	<b>Q4</b> <b>(12 weeks)</b>	<b>Relevant Period</b> <b>(24 weeks)</b>	<b>Relevant Year</b> <b>(52 weeks)</b>
Free Cash Flow : Debt Service	2.3 times	2.2 times	2.0 times
EBITDA : Debt Service	3.0 times	3.0 times	2.8 times
Debt Service covenant satisfied		Yes	Yes
Restricted Payment Condition satisfied		Yes	Yes

Restricted Payments of £23.7m were made in Q4 and £70.9m during the Relevant Year\*. The Restricted Payment Maximum at 30 September 2006 was £30.9m and no calculation of the Further Restricted Payment Maximum was required.

## Maintenance and Capital Enhancement

The cumulative Maintenance Expenditure\*\* in the Relevant Year was £135.8m and the Relevant Period was £57.9m. The Required Maintenance Amount\* for the Financial Year is £100.7m.

Capital Enhancement Expenditure Investments of £11.7m were made in Q4, £52.1m in the Relevant Year and £23.9m in the Relevant Period.

\* These figures exclude payments made in connection with the securitisation tap issue on 15 September 2006.

\*\* Maintenance includes both capital items and items expensed through the Profit & Loss account.

### **Cash Balances**

Balances on the following accounts at 30 September 2006 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	7.9
Maintenance Reserve Account	0.0
All other Obligor Accounts	38.9

The amount available under the Liquidity Facility was £295m. The Working Capital Facility was cancelled on 15 September 2006. No amounts were drawn under either facility at any point during the period.

### **Estate**

	Number
Outlets at the beginning of Q4	1866
Acquisitions and substitutions	16
Disposals	(35)
Outlets at the end of Q4	1,847

The aggregate proceeds from disposals were £56.2m

Shortly after the year end 100 pubs were disposed of as part of a package of pubs sold to Trust Inns Ltd.

### **Accounting Policies**

Mitchells & Butlers Retail Limited certifies that these financials comply with Mitchells & Butlers Retail Limited accounting policies as detailed in its financial statements which comply with Generally Accepted Accounting Principles applied in the United Kingdom.

### **Defaults**

Mitchells & Butlers Retail Limited certifies that no Loan Event of Default or Potential Loan Event of Default has occurred.

For further information please contact:

[www.mbplc.com/debtir](http://www.mbplc.com/debtir)

Kate Holligon – Investor Relations

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## QUARTERLY FINANCIAL INFORMATION

### MITCHELLS & BUTLERS RETAIL LIMITED

**This Quarterly Financial Information covers the results for Mitchells & Butlers Retail Limited for the Financial Quarter from 16 April 2006 to 8 July 2006**

To: HSBC Trustee (C.I.) Limited (as Borrower Security Trustee and Trustee)  
 HSBC Global Investor Services (Ireland) Limited (as Irish Paying Agent)  
 HSBC Bank plc (as Principal Paying Agent)  
 Ambac Assurance UK Limited  
 Standard & Poor's Rating Services  
 Fitch Ratings Limited  
 Moody's Investors Service Limited

Terms defined in Schedule 1 (*Master Definitions Schedule*) of a master framework agreement (the "**Master Framework Agreement**") dated 13 November 2003 and made between, *inter alios*, the Issuer and the Borrower Security Trustee shall bear the same meaning herein.

#### Definitions :

Q3 means the results for the Financial Quarter from 16 April 2006 to 8 July 2006 (12 weeks);

Relevant Period means the last two Financial Quarters (24 weeks) and

Relevant Year means the last four Financial Quarters (53 weeks).

#### Principal Debt Movements

Q3 Principal Debt Movements on the Notes	Balance as at 15 April 2006 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 8 July 2006 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1818.5	(9.3)		1,809.2
Class A1 Notes	200.0			200.0
Class A2 Notes	494.5	(6.2)		488.3
Class A3 Notes	\$418.8			\$418.8
Class B1 Notes	324.0	(3.1)		320.9
Class B2 Notes	350.0			350.0
Class C Notes	200.0			200.0



# Mitchells & Butlers

Q3 Principal Debt Movements on the Term Advance	Balance as at 15 April 2006 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 8 July 2006 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,818.5	(9.3)		1,809.2
A1 Term Advance	200.0			200.0
A2 Term Advance	494.5	(6.2)		488.3
A3 Term Advance	250.0			250.0
B1 Term Advance	324.0	(3.1)		320.9
B2 Term Advance	350.0			350.0
C Term Advance	200.0			200.0

## Specific Trading Details

Turnover for the 12 weeks comprising Q3 was £376.1m giving a total of £1613.8m for the Relevant Year (comprising 53 weeks). EBITDA for the quarter was £94.3m giving a total for the Relevant Year of £391.4m.\*

	Q3 (12 weeks) £m	Relevant Period (24 weeks) £m	Relevant Year (53 weeks) £m
Turnover	376.1	743.4	1613.8
Operating expenses	(305.8)	(605.4)	(1327.4)*
Operating Profit	70.3	138.0	286.4*
EBITDA	94.3	186.9	391.4*
Free Cash Flow	63.7	124.4	274.0
Debt Service	(33.4)	(65.2)	(144.5)

\* Including £4m of exceptional licensing costs associated with the implementation of the new Licensing Act.

On a 52 weeks basis, excluding exceptional costs, EBITDA for the Relevant Year was £387m.

## Coverages and Covenants

Free Cashflow DSCR was 1.9 times and the EBITDA to Debt Service ratio was 2.7 times for the Relevant Year and 1.9 times and 2.9 times respectively for the Relevant Period. The Debt Service Covenant and Restricted Payment Condition were satisfied. Net Worth (at the last Financial Year end) was £1,276m and the Net Worth Covenant is therefore satisfied.

	Q3 (12 weeks)	Relevant Period (24 weeks)	Relevant Year (53 weeks)
Free Cash Flow : Debt Service	1.9 times	1.9 times	1.9 times
EBITDA : Debt Service	2.8 times	2.9 times	2.7 times
Debt Service covenant satisfied		Yes	Yes
Restricted Payment Condition satisfied		Yes	Yes

Restricted Payments of £13.1m were made during Q3 and the Restricted Payment Maximum at 8 July 2006 was £23.7m. No calculation of the Further Restricted Payment Maximum was required.

### **Maintenance and Capital Enhancement**

The cumulative Maintenance Expenditure\* at the end of Q3 was £106.8m. The Required Maintenance Amount\* for the Financial Year is £100.7m.

Capital Enhancement Expenditure Investments of £12.2m were made in Q3, £55.2m in the Relevant Year and £24.3m in the Relevant Period.

\* Maintenance includes both capital items and items expensed through the Profit & Loss account.

### **Cash Balances**

Balances on the following accounts at 8 July 2006 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	19.0
Maintenance Reserve Account	0.0
All other Obligor Accounts	113.6

Amounts available under the Working Capital Facility Agreement and the Liquidity Facility were £60m and £220m respectively. No amounts were drawn under either facility.

### **Estate**

	Number
Outlets at the beginning of Q3	1874
Acquisitions and substitutions	0
Disposals	(8)
Outlets at the end of Q3	1,866

The aggregate proceeds from disposals were £9.7m

### **Accounting Policies**

Mitchells & Butlers Retail Limited certifies that these financials comply with Mitchells & Butlers Retail Limited accounting policies as detailed in its financial statements which comply with Generally Accepted Accounting Principles applied in the United Kingdom.

Certain changes in accounting policy have been adopted to provide consistency with the Mitchells & Butlers plc Group accounts on transition to International Financial Reporting Standards (IFRS). These changes, which are set out in the Mitchells & Butlers Retail Limited Semi Annual Financial Statements, do not have a material impact on the key coverages and covenants reported in this Investor Report.



## **Defaults**

Mitchells & Butlers Retail Limited certifies that no Loan Event of Default or Potential Loan Event of Default has occurred.

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