

**QUARTERLY FINANCIAL INFORMATION**

**MITCHELLS & BUTLERS RETAIL LIMITED**

**This Final Investor Report covers the results for Mitchells & Butlers Retail Limited  
for the Financial Quarter from 5 July 2020 to 26 September 2020**

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, 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 :

Q4	means the results for the Financial Quarter from 5 July 2020 to 26 September 2020 (12 weeks);
Relevant Period	means the last two Financial Quarters (24 weeks) and
Relevant Year	means the last four Financial Quarters (52 weeks)

## Principal Debt Movements

Q4 Principal Debt Movements on the Notes	Balance as at 4 July 2020 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 26 September 2020 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,628.6	(25.2)		1,603.4
Class A1N Notes	113.1	(2.8)		110.3
Class A2 Notes	205.8	(5.1)		200.7
Class A3N Notes	\$236.8	\$(5.8)		\$231.0
Class A4 Notes	131.0	(2.9)		128.1
Class AB Notes	321.7	(3.3)		318.4
Class B1 Notes	70.3	(4.7)		65.6
Class B2 Notes	285.3	(2.9)		282.4
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 4 July 2020 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 26 September 2020 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,653.2	(44.4)		1,608.8
A1N Term Advance	115.9	(5.6)		110.3
A2 Term Advance	210.8	(10.1)		200.7
A3N Term Advance	144.8	(6.9)		137.9
A4 Term Advance	133.8	(5.7)		128.1
AB Term Advance	325.0	(6.6)		318.4
B1 Term Advance	74.9	(5.9)		69.0
B2 Term Advance	288.0	(3.6)		284.4
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 £311.7m giving a total of £1,093.2m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was £66.6m giving a total for the Relevant Year of £186.1m.

	Q4 (12 weeks) £m	Relevant Period (24 weeks) £m	Relevant Year (52 weeks) £m
Turnover	311.7	316.8	1,093.2
Operating expenses	(263.6)	(315.0)	(991.6)
Operating Profit	48.1	1.8	101.6
EBITDA	66.6	39.1	186.1
Free Cash Flow	40.0	29.2	156.8
Debt Service	(49.3)	(92.3)	(201.2)

Note: Operating profit, EBITDA and Free Cash Flow are quoted after the following adjusting items:

	Q4 £m	Relevant Period £m	Relevant Year £m
<b>Unadjusted Operating Profit after separately disclosed items</b>	<b>116.3</b>	<b>70.8</b>	<b>40.8</b>
<b>Add back separately disclosed items:</b>			
Costs directly associated with the Covid-19 pandemic	(0.9)	(0.1)	7.9
Revaluation of pub estate	(71.8)	(71.8)	42.8
Impairment of freehold & long leasehold fixtures & fittings	5.2	5.2	7.2
Impairment recognised on short lease assets	2.0	2.0	2.4
Impairment of right-of-use assets	5.7	5.7	13.5
Intercompany impairment	5.1	5.1	5.1
VAT rank claim	(12.4)	(12.4)	(12.4)
Sublease income impairment	0.2	0.2	0.2
<b>Adjusted Operating Profit before Separately disclosed items</b>	<b>49.4</b>	<b>4.7</b>	<b>107.5</b>
Onerous lease provision charge	0.1	0.1	0.1
IFRS 16 Adjustments			
Rent receivable	0.2	0.5	1.1
Rent payable	(5.1)	(10.4)	(22.6)
Right-of-use asset depreciation	3.5	6.9	15.5
<b>Adjusted Operating Profit pre IFRS 16</b>	<b>48.1</b>	<b>1.8</b>	<b>101.6</b>
Add back: Depreciation	18.5	37.3	84.5
<b>Adjusted EBITDA pre IFRS 16</b>	<b>66.6</b>	<b>39.1</b>	<b>186.1</b>

## Coverages and Covenants

Free Cashflow DSCR was 0.8 times and the EBITDA to Debt Service ratio was 0.9 times for the Relevant Year and 0.3 times and 0.4 times respectively for the Relevant Period. The Debt Service Covenant and the Restricted Payment Condition were not satisfied. Under the waiver dated 11 June 2020 the requirement to meet the Debt Service Covenant on the Financial Quarter dates from July 2020 up to and including April 2021 has been waived, so no Loan Event of Default has occurred.

Net Worth at this Financial Year end was £2,144m and the Net Worth Covenant is therefore satisfied.

	Q4 (12 weeks)	Relevant Period (24 weeks)	Relevant Year (52 weeks)
Free Cash Flow : Debt Service	0.8 times	0.3 times	0.8 times
EBITDA : Debt Service	1.4 times	0.4 times	0.9 times
Debt Service covenant satisfied		No	No
Restricted Payment Condition satisfied		No	No

No Restricted Payments were made during Q4. The Restricted Payment Maximum at 26 September 2020 was zero and no calculation of the Further Restricted Payment Maximum was required.

The cumulative Maintenance Expenditure\* at the end of Q4 was £99.0m. The Required Maintenance Amount\* for the Financial Year is £65.6m, this includes a reduction of £29.8m due to a closure adjustment. The closure adjustment takes into account 3 weeks of full closure in Q2 and 12 weeks of full closure in Q3.

Capital Enhancement Expenditure Investments of £0m were made in Q4, £0.1m in the Relevant Period and £10.4m in the Relevant Year.

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

## Cash Balances

Balances on the following accounts at 26 September 2020 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	1.2
Maintenance Reserve Account	0.0
All other Obligor Accounts	40.4

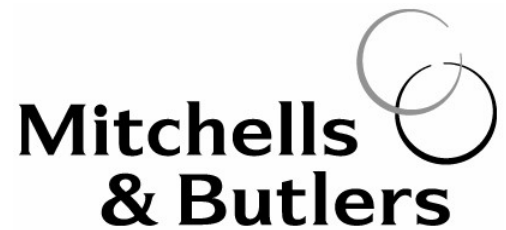
## Liquidity Facility

The amount available under the Liquidity Facility at 26 September 2020 was as follows:

	£m
Total Liquidity Facility	295.0
Liquidity Facility drawn	(9.4)
Available Liquidity Facility	285.6

## Estate

	Number
Outlets at the beginning of Q4	1,350
Acquisitions and substitutions	0
Disposals	(4)
Outlets at the end of Q4	1,346



### **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 FRS101 as issued by the Financial Reporting Council.

### **Defaults**

Mitchells & Butlers Retail Limited certifies that no Loan Event of Default or Potential Loan Event of Default has occurred (other than as waived under the terms of the agreement with the Trustee and Ambac as previously announced on 12 June 2020).

For further information please contact:

<http://www.mbplc.com/investors/securitisationanddebtinformation/>

Andrew Vaughan – Group Treasurer

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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 12 April 2020 to 4 July 2020**

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, 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 :

Q3	means the results for the Financial Quarter from 12 April 2020 to 4 July 2020 (12 weeks);
Relevant Period	means the last two Financial Quarters (24 weeks) and
Relevant Year	means the last four Financial Quarters (52 weeks)

**Principal Debt Movements**

Q3 Principal Debt Movements on the Notes	Balance as at 11 April 2020 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 4 July 2020 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,653.2	(24.6)		1,628.6
Class A1N Notes	115.9	(2.8)		113.1
Class A2 Notes	210.8	(5.0)		205.8
Class A3N Notes	\$242.6	\$(5.8)		\$236.8
Class A4 Notes	133.8	(2.8)		131.0
Class AB Notes	325.0	(3.3)		321.7
Class B1 Notes	74.9	(4.6)		70.3
Class B2 Notes	288.0	(2.7)		285.3
Class C1 Notes	200.0			200.0
Class C2 Notes	50.0			50.0
Class D1 Notes	110.0			110.0

Q3 Principal Debt Movements on the Term Advance	Balance as at 11 April 2020 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 4 July 2020 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,653.2			1,653.2
A1N Term Advance	115.9			115.9
A2 Term Advance	210.8			210.8
A3N Term Advance	144.8			144.8
A4 Term Advance	133.8			133.8
AB Term Advance	325.0			325.0
B1 Term Advance	74.9			74.9
B2 Term Advance	288.0			288.0
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 Q3 was £5.1m giving a total of £1,170.9m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was (£27.5)m giving a total for the Relevant Year of £207.4m.

	Q3 (12 weeks) £m	Relevant Period (24 weeks) £m	Relevant Year (52 weeks) £m
Turnover	5.1	259.1	1,170.9
Operating expenses	(51.4)	(287.5)	(1,050.0)
Operating Profit	(46.3)	(28.4)	120.9
EBITDA	(27.5)	10.5	207.4
Free Cash Flow	(10.8)	27.3	189.0
Debt Service	(49.0)	(91.2)	(199.2)

Note: Operating profit, EBITDA and Free Cash Flow are quoted after the following adjusting items:

	Q3 £m	Relevant Period £m	Relevant Year £m
<b>Unadjusted Operating (Loss)/Profit after separately disclosed items</b>	<b>(45.5)</b>	<b>(158.7)</b>	<b>(10.7)</b>
<b>Add back separately disclosed items:</b>			
Costs directly associated with the Covid-19 pandemic	0.8	8.7	8.7
Revaluation of pub estate	0.0	114.6	116.7
Impairment of freehold & long leasehold fixtures & fittings	0.0	2.0	2.0
Impairment recognised on short lease assets	0.0	0.4	2.6
Impairment of right-of-use assets	0.0	7.8	7.8
<b>Adjusted Operating Profit before Separately disclosed items</b>	<b>(44.7)</b>	<b>(25.2)</b>	<b>127.1</b>
Onerous lease provision release	0.0	0.0	(1.5)
<b>IFRS 16 Adjustments</b>			
Rent receivable	0.3	0.6	0.9
Rent payable	(5.3)	(10.5)	(17.6)
Right-of-use asset depreciation	3.4	6.7	12.0
<b>Adjusted Operating Profit pre IFRS 16</b>	<b>(46.3)</b>	<b>(28.4)</b>	<b>120.9</b>
Add back: Depreciation	18.8	38.9	86.5
<b>Adjusted EBITDA pre IFRS 16</b>	<b>(27.5)</b>	<b>10.5</b>	<b>207.4</b>

## Coverages and Covenants

Free Cashflow DSCR was 0.9 times and the EBITDA to Debt Service ratio was 1.0 times for the Relevant Year and 0.3 times and 0.1 times respectively for the Relevant Period. The Debt Service Covenant and the Restricted Payment Condition were not satisfied. Under the waiver dated 11 June 2020 the requirement to meet the Debt Service Covenant on the Financial Quarter dates from July 2020 up to and including April 2021 has been waived, so no Loan Event of Default has occurred.

Net Worth (at the last Financial Year end) was £2,322m and the Net Worth Covenant is therefore satisfied.



	Q3 (12 weeks)	Relevant Period (24 weeks)	Relevant Year (52 weeks)
Free Cash Flow : Debt Service	(0.2) times	0.3 times	0.9 times
EBITDA : Debt Service	(0.6) times	0.1 times	1.0 times
Debt Service covenant satisfied		No	No
Restricted Payment Condition satisfied		No	No

No Restricted Payments were made during Q3. The Restricted Payment Maximum at 4 July 2020 was zero and no calculation of the Further Restricted Payment Maximum was required.

The cumulative Maintenance Expenditure\* at the end of Q3 was £85.9m. The Required Maintenance Amount\* for the Financial Year is £65.6m, this includes a reduction of £29.8m due to a closure adjustment. The closure adjustment takes into account 3 weeks of full closure in Q2 and 12 weeks of full closure in Q3.

Capital Enhancement Expenditure Investments of £0.2m were made in Q3, £3.0m in the Relevant Period and £11.5m in the Relevant Year.

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

## Cash Balances

Balances on the following accounts at 4 July 2020 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	1.2
Maintenance Reserve Account	0.0
All other Obligor Accounts	21.8

## Liquidity Facility

The amount available under the Liquidity Facility at 4 July 2020 was as follows:

	£m
Total Liquidity Facility	295.0
Liquidity Facility drawn	(46.9)
Available Liquidity Facility	248.1

During the quarter, additional equity of £47m was injected into the Borrower.

## Estate

	Number
Outlets at the beginning of Q3	1,350
Acquisitions and substitutions	0
Disposals	0
Outlets at the end of Q3	1,350



### **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 FRS101 as issued by the Financial Reporting Council.

### **Defaults**

Mitchells & Butlers Retail Limited certifies that no Loan Event of Default or Potential Loan Event of Default has occurred (other than as waived under the terms of the agreement with the Trustee and Ambac as previously announced on 12 June 2020).

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