

FINAL INVESTOR REPORT

MITCHELLS & BUTLERS RETAIL LIMITED

**This Final Investor Report covers the results for Mitchells & Butlers Retail Limited
for the Financial Quarter from 4 July 2021 to 25 September 2021**

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 4 July 2021 to 25 September 2021 (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 03 July 2021 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 25 September 2021 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,526.1	(26.5)		1,499.6
Class A1N Notes	101.8	(2.9)		98.9
Class A2 Notes	185.2	(5.3)		179.9
Class A3N Notes	\$213.1	\$(6.1)		\$207.0
Class A4 Notes	119.2	(3.1)		116.1
Class AB Notes	308.2	(3.4)		304.8
Class B1 Notes	51.3	(4.9)		46.4
Class B2 Notes	273.2	(3.3)		269.9
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 03 July 2021 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 25 September 2021 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,543.5	(43.9)		1,499.6
A1N Term Advance	101.8	(2.9)		98.9
A2 Term Advance	185.2	(5.3)		179.9
A3N Term Advance	127.2	(3.6)		123.6
A4 Term Advance	119.2	(3.1)		116.1
AB Term Advance	308.2	(3.4)		304.8
B1 Term Advance	61.9	(15.5)		46.4
B2 Term Advance	280.0	(10.1)		269.9
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 £376.3m giving a total of £780.1m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was £108.6m giving a total for the Relevant Year of £119.4m.

	Q4 (12 weeks) £m	Relevant Period (24 weeks) £m	Relevant Year (52 weeks) £m
Turnover	376.3	618.8	780.1
Operating expenses	(284.9)	(496.6)	(736.2)
Operating profit	91.4	122.2	43.9
EBITDA	108.6	156.4	119.4
Free Cash Flow	111.7	156.1	119.1
Debt Service	(48.5)	(93.4)	(204.5)

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

	Q4 £m	Relevant Period £m	Relevant Year £m
Unadjusted operating profit after non-cash separately disclosed items	132.7	165.5	88.7
Add back/(deduct) non-cash separately disclosed items:			
Costs directly associated with the Covid-19 pandemic	(0.2)	(0.5)	3.3
Revaluation of pub estate	(43.4)	(43.4)	(43.4)
Impairment of freehold & long leasehold fixtures & fittings	2.3	2.3	2.3
Impairment recognised on short lease assets	0.7	0.7	0.7
Impairment of right-of-use assets	3.1	3.1	3.1
Lease disposals	(0.1)	(0.1)	(0.1)
Profit on disposal of property	0.0	(0.2)	(0.5)
Intercompany impairment	(1.1)	(1.1)	(1.1)
Sublease income impairment	(0.0)	(0.7)	0.0
Adjusted operating profit before non-cash separately disclosed items	94.0	125.6	53.0
IFRS 16 Adjustments			
Rent receivable	0.2	0.5	1.0
Dilapidations costs	(0.9)	(0.3)	(1.9)
Rent payable	(5.3)	(10.3)	(22.4)
Right-of-use asset depreciation	3.4	6.7	14.2
Adjusted operating profit pre IFRS 16	91.4	122.2	43.9
Add back: Depreciation	17.2	34.2	75.5
Adjusted EBITDA pre IFRS 16	108.6	156.4	119.4

Coverages and Covenants

Free Cashflow DSCR was 0.6 times and the EBITDA to Debt Service ratio was 0.6 times for the Relevant Year and 1.7 times and 1.7 times respectively for the Relevant Period. The Debt Service Covenant and the Restricted Payment Condition were not satisfied. Under the waiver dated 14 February 2021 the Relevant Period Debt Service Covenant has been waived until April 2022 and the Relevant Year Debt Service Covenant has been waived until July 2022, with both tests then performed at revised lower levels until full reinstatement in January 2023, so no Loan Event of Default has occurred.

Net Worth at this Financial Year end was £2,359m and the Net Worth Covenant is therefore satisfied.



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	Q4 (12 weeks)	Relevant Period (24 weeks)	Relevant Year (52 weeks)
Free Cash Flow : Debt Service	2.3 times	1.7 times	0.6 times
EBITDA : Debt Service	2.3 times	1.7 times	0.6 times
Debt Service covenant satisfied		Yes	No
Restricted Payment Condition satisfied		No	No

No Restricted Payments were made during Q4. The Restricted Payment Maximum at 25 September 2021 was zero and no calculation of the Further Restricted Payment Maximum was required.

The cumulative Maintenance Expenditure* at the end of Q4 was £58.7m. The Required Maintenance Amount* for the Financial Year is £37.1m, this includes a reduction of £32.2m across Q1 to Q3 due to a closure adjustment. The closure adjustment reflects the period of time that outlets were required by law to remain fully closed as a result of UK Government Measures in Q1 to Q3. There was no further closure adjustment in Q4 due to the lifting of Government restrictions on 19 July 2021.

Capital Enhancement Expenditure Investments of £1.3m were made in Q4, £1.3m in the Relevant Period and £1.7m in the Relevant Year.

* Maintenance includes both capital items and items expensed through the income statement.

Cash Balances

Balances on the following accounts at 25 September 2021 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	1.9
Maintenance Reserve Account	0.0
All other Obligor Accounts	40.7

Liquidity Facility

The amount available under the Liquidity Facility at 25 September 2021 was as follows:

	£m
Total Liquidity Facility	295.0
Liquidity Facility drawn	0.0
Available Liquidity Facility	<u>295.0</u>

Estate

	Number
Outlets at the beginning of Q4	1,343
Acquisitions and substitutions	0
Disposals	0
Outlets at the end of Q4	<u>1,343</u>

Accounting Policies

Mitchells & Butlers Retail Limited prepares its financial statements in accordance with FRS 101 as issued by the Financial Reporting Council.

Mitchells & Butlers Retail Limited certifies that these financials comply with its financial statements adjusted to remove the impact of any changes in accounting standards since issuance of the Term Loans.

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 15 February 2021 and 22 February 2021).

LIBOR Transition

The Mitchells & Butlers Group has now completed the necessary amendments to transition its financing arrangements in advance of the discontinuation of LIBOR as a floating reference rate, replacing LIBOR with a Sterling Overnight Index Average (SONIA) based rate in respect of Sterling and a Secured Overnight Financing Rate (SOFR) based rate in respect of US Dollars. The amendments in respect of the securitised bonds were agreed by the Bondholders through a formal consent solicitation process and bilateral agreements were reached with securitised swap and liquidity facility providers (using amended reference rates consistent with those agreed under the bonds). The liquidity facility transitioned during the year to reference SONIA. All other relevant facilities and agreements referencing Sterling LIBOR will transition to reference SONIA for periods commencing on or after 1st January 2022 and those currently referencing US Dollar LIBOR will transition to SOFR for periods commencing on or after 1st July 2023.

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 10 April 2021 to 3 July 2021

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 10 April 2021 to 3 July 2021 (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 10 April 2021 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 3 July 2021 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,552.3	(26.2)		1,526.1
Class A1N Notes	104.7	(2.9)		101.8
Class A2 Notes	190.4	(5.2)		185.2
Class A3N Notes	\$219.1	\$(6.0)		\$213.1
Class A4 Notes	122.2	(3.0)		119.2
Class AB Notes	311.7	(3.5)		308.2
Class B1 Notes	56.1	(4.8)		51.3
Class B2 Notes	276.4	(3.2)		273.2
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 10 April 2021 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 3 July 2021 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,579.6	(36.1)		1,543.5
A1N Term Advance	107.5	(5.7)		101.8
A2 Term Advance	195.6	(10.4)		185.2
A3N Term Advance	134.4	(7.2)		127.2
A4 Term Advance	125.2	(6.0)		119.2
AB Term Advance	315.0	(6.8)		308.2
B1 Term Advance	61.9	(0.0)		61.9
B2 Term Advance	280.0	(0.0)		280.0
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 £242.4m giving a total of £715.6m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was a profit of £47.8m giving a total for the Relevant Year of a profit of £77.5m.

	Q3 (12 weeks) £m	Relevant Period (24 weeks) £m	Relevant Year (52 weeks) £m
Turnover	242.4	247.8	715.6
Operating expenses	(211.7)	(255.6)	(714.9)
Operating profit/(loss)	30.7	(7.8)	0.7
EBITDA	47.8	26.6	77.5
Free Cash Flow	44.3	23.1	47.3
Debt Service	(49.6)	(94.3)	(205.2)

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

	Q3 £m	Relevant Period £m	Relevant Year £m
Unadjusted operating profit/(loss) after separately disclosed items	32.8	(6.8)	72.2
Add back/(deduct) separately disclosed items:			
Costs directly associated with the Covid-19 pandemic	(0.4)	3.5	2.6
Revaluation of pub estate	0.0	0.0	(71.8)
Impairment of freehold & long leasehold fixtures & fittings	0.0	0.0	5.2
Impairment recognised on short lease assets	0.0	0.0	2.0
Impairment of right-of-use assets	0.0	0.0	5.8
Profit on disposal of property	(0.1)	(0.3)	(0.4)
Intercompany impairment	0.0	0.0	5.1
VAT rank claim	0.0	0.0	(12.4)
VAT capital goods scheme	0.0	0.0	(0.3)
Sublease income impairment	(0.7)	0.0	0.2
Adjusted operating profit/(loss) before separately disclosed items	31.6	(3.6)	8.2
Onerous lease provision charge	0.0	0.0	0.1
IFRS 16 Adjustments			
Rent receivable	0.2	0.5	1.0
Dilapidations costs	0.0	(1.7)	(1.6)
Rent payable	(5.1)	(10.2)	(22.2)
Sublease asset impairment	0.7	0.7	0.9
Right-of-use asset depreciation	3.3	6.5	14.3
Adjusted operating profit/(loss) pre IFRS 16	30.7	(7.8)	0.7
Add back: Depreciation	17.1	34.4	76.8
Adjusted EBITDA pre IFRS 16	47.8	26.6	77.5

Coverages and Covenants

Free Cashflow DSCR was 0.2 times and the EBITDA to Debt Service ratio was 0.4 times for the Relevant Year and 0.2 times and 0.3 times respectively for the Relevant Period. The Debt Service Covenant and the Restricted Payment Condition were not satisfied. Under the waiver dated 14 February 2021 the requirement to meet the Debt Service Covenant on the Financial Quarter dates from April 2021 up to and including January 2022 has been waived, so no Loan Event of Default has occurred.

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



Mitchells & Butlers

	Q3 (12 weeks)	Relevant Period (24 weeks)	Relevant Year (52 weeks)
Free Cash Flow : Debt Service	0.9 times	0.2 times	0.2 times
EBITDA : Debt Service	1.0 times	0.3 times	0.4 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 3 July 2021 was zero and no calculation of the Further Restricted Payment Maximum was required.

The cumulative Maintenance Expenditure* at the end of Q3 was £34.3m. The Required Maintenance Amount* for the Financial Year is £37.1m, this includes a reduction of £32.2m across Q1 to Q3 due to a closure adjustment. The closure adjustment reflects the period of time that outlets were required by law to remain fully closed as a result of UK Government Measures in Q1 to Q3. No further closure adjustment is expected in Q4 due to the lifting of Government restrictions on 19 July 2021.

Capital Enhancement Expenditure Investments of £0.0m were made in Q3, £0.1m in the Relevant Period and £0.4m in the Relevant Year.

* Maintenance includes both capital items and items expensed through the income statement.

Cash Balances

Balances on the following accounts at 3 July 2021 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	1.9
Maintenance Reserve Account	0.0
All other Obligor Accounts	56.9

During the relevant period, additional equity of £95m was injected into the Borrower.

Liquidity Facility

The amount available under the Liquidity Facility at 3 July 2021 was as follows:

	£m
Total Liquidity Facility	295.0
Liquidity Facility drawn	(39.0)
Available Liquidity Facility	<u>256.0</u>

Estate

	Number
Outlets at the beginning of Q3	1,343
Acquisitions and substitutions	1
Disposals	(1)
Outlets at the end of Q3	<u>1,343</u>



Accounting Policies

Mitchells & Butlers Retail Limited prepares its financial statements in accordance with FRS 101 as issued by the Financial Reporting Council.

Mitchells & Butlers Retail Limited certifies that these financials comply with its financials statements adjusted to remove the impact of any changes in accounting standards since issuance of the Term Loans.

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 15 February 2021 and 22 February 2021).

LIBOR Transition

The Issuer and the Borrower note the requirement to transition the basis of future rates of interest on the Notes, the Liquidity Facility and the Swaps away from LIBOR ahead of the cessation of publication of that index. This transition is being reviewed with a view to seeking agreement with relevant stakeholders by the end of the year.

For further information please contact:

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

Andrew Vaughan – Group Treasurer

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