

FINAL INVESTOR REPORT

MITCHELLS & BUTLERS RETAIL LIMITED

This Final Investor Report covers the results for Mitchells & Butlers Retail Limited for the Financial Quarter from 3 July 2016 to 24 September 2016

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 3 July 2016 to 24 September 2016 (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 2 July 2016 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 24 September 2016 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,962.2	(18.6)		1,943.6
Class A1N Notes	153.9	(2.4)		151.5
Class A2 Notes	280.1	(4.3)		275.8
Class A3N Notes	\$322.3	\$(4.9)		\$317.3
Class A4 Notes	170.0	(2.1)		167.9
Class AB Notes	325.0			325.0
Class B1 Notes	139.0	(4.0)		135.0
Class B2 Notes	341.8	(2.9)		338.9
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 2 July 2016 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 24 September 2016 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,962.2	(18.6)		1,943.6
A1N Term Advance	153.9	(2.4)		151.5
A2 Term Advance	280.1	(4.3)		275.8
A3N Term Advance	192.4	(2.9)		189.5
A4 Term Advance	170.0	(2.1)		167.9
AB Term Advance	325.0			325.0
B1 Term Advance	139.0	(4.0)		135.0
B2 Term Advance	341.8	(2.9)		338.9
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 £380.0m, giving a total of £1,607.5m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was £88.9m giving a total for the Relevant Year of £360.6m.

	Q4 (12 weeks)	Relevant Period (24 weeks)	Relevant Year (52 weeks)
	£m	£m	£m
Turnover	380.0	758.1	1,607.5
Operating expenses	(311.2)	(621.4)	(1,335.7)*
Operating Profit	68.8	136.7	271.8*
EBITDA	88.9	177.4	360.6
Free Cash Flow	67.5	135.8	268.3
Debt Service	(46.7)	(87.1)	(189.7)

* Excludes £20.6m of exceptional movement comprising £0.7m profit on disposal of properties, £1.1m of impairment recognised on short leasehold and unlicensed properties where their carrying values exceed their recoverable amount and £20.2m charge arising from the Company's revaluation of its pub estate.

Coverages and Covenants

Free Cashflow DSCR was 1.4 times and the EBITDA to Debt Service ratio was 1.9 times for the Relevant Year and 1.6 times and 2.0 times respectively for the Relevant Period. The Debt Service Covenant and Restricted Payment Condition were satisfied. Net Worth as at 24 September 2016 was £1,999m and the Net Worth Covenant is therefore satisfied.

	Q4 (12 weeks)	Relevant Period (24 weeks)	Relevant Year (52 weeks)
Free Cash Flow : Debt Service	1.4 times	1.6 times	1.4 times
EBITDA : Debt Service	1.9 times	2.0 times	1.9 times
Debt Service covenant satisfied		Yes	Yes
Restricted Payment Condition satisfied		Yes	Yes

No restricted payments were made during Q4. The Restricted Payment Maximum at 24 September 2016 was £14.3m and no calculation of the Further Restricted Payment Maximum was required.

Maintenance and Capital Enhancement

The cumulative Maintenance Expenditure* at the end of Q4 was £135.1m. The Required Maintenance Amount* for the Financial Year is £92.7m.

Capital Enhancement Expenditure Investments of £21.9m were made in Q4, £22.2m in the Relevant Period and £24.7m 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 24 September 2016 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	36.0
Maintenance Reserve Account	0.0
All other Obligor Accounts*	189.3

*includes £147.5m drawn under the Liquidity Facility following the downgrade of the facility provider's credit rating.

The amount available under the Liquidity Facility was £295m, of which £147.5m remains drawn following the downgrade of the facility provider's credit rating.

Estate

	Number
Outlets at the beginning of Q4	1,418
Acquisitions and substitutions	0
Disposals	0
Outlets at the end of Q4	1,418

Accounting Policies

Mitchells & Butlers Retail Limited certifies that these financials comply with Mitchells & Butlers Retail Limited accounting policies as detailed in its financial statements. For accounting periods up to 26th September 2015 these complied with Generally Accepted Accounting Principles applied in the United Kingdom. For accounting periods starting on or after 27th September 2015 Mitchells & Butlers Retail Ltd has transitioned to 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.

For further information please contact:

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

Andrew Vaughan – Group Treasurer

0121 498 4400



QUARTERLY FINANCIAL INFORMATION

MITCHELLS & BUTLERS RETAIL LIMITED

This Interim Investor Report covers the results for Mitchells & Butlers Retail Limited for the Financial Quarter from 10 April 2016 to 2 July 2016

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 2016 to 2 July 2016 (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 2016 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 2 July 2016 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,978.4	(16.2)		1,962.2
A1N Term Advance	156.3	(2.3)		153.9
A2 Term Advance	284.3	(4.2)		280.1
A3N Term Advance	195.3	(2.9)		192.4
A4 Term Advance	170.0			170.0
AB Term Advance	325.0			325.0
B1 Term Advance	142.9	(3.9)		139.0
B2 Term Advance	344.6	(2.8)		341.8
C1 Term Advance	200.0			200.0
C2 Term Advance	50.0			50.0
D1 Term Advance	110.0			110.0

Q3 Principal Debt Movements on the Term Advance	Balance as at 10 April 2016 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 2 July 2016 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,978.4	(16.2)		1,962.2
Class A1N Notes	156.3	(2.3)		153.9
Class A2 Notes	284.3	(4.2)		280.1
Class A3N Notes	\$327.2	\$(4.9)		\$322.3
Class A4 Notes	170.0			170.0
Class AB Notes	325.0			325.0
Class B1 Notes	142.9	(3.9)		139.0
Class B2 Notes	344.6	(2.8)		341.8
Class C1 Notes	200.0			200.0
Class C2 Notes	50.0			50.0
Class D1 Notes	110.0			110.0

Specific Trading Details

Turnover for the 12 weeks comprising Q3 was £378.1m, giving a total of £1,605.4m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was £88.5m giving a total for the Relevant Year of £361.8m.

	Q3 (12 weeks)	Relevant Period (24 weeks)	Relevant Year (52 weeks)
	£m	£m	£m
Turnover	378.1	736.1	1,605.4
Operating expenses	(310.2)	(610.7)	(1,332.4)*
Operating Profit	67.9	125.4	273.0*
EBITDA	88.5	166.9	361.8
Free Cash Flow	68.4	113.0	286.2
Debt Service	(44.5)	(86.1)	(187.7)

* Excludes £26.3m of exceptional movement comprising £4.1m profit on disposal of properties, £2.2m of impairment recognised on short leasehold and unlicensed properties where their carrying values exceed their recoverable amount and £28.2m charge arising from the Company's revaluation of its pub estate.

Coverages and Covenants

Free Cashflow DSCR was 1.5 times and the EBITDA to Debt Service ratio was 1.9 times for the Relevant Year and 1.3 times and 1.9 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 £1,754m and the Net Worth Covenant is therefore satisfied.

	Q3 (12 weeks)	Relevant Period (24 weeks)	Relevant Year (52 weeks)
Free Cash Flow : Debt Service	1.5 times	1.3 times	1.5 times
EBITDA : Debt Service	2.0 times	1.9 times	1.9 times
Debt Service covenant satisfied		Yes	Yes
Restricted Payment Condition satisfied		Yes	Yes

No restricted payments were made during Q3. The Restricted Payment Maximum at 2 July 2016 was £2.4m and no calculation of the Further Restricted Payment Maximum was required.

Maintenance and Capital Enhancement

The cumulative Maintenance Expenditure* at the end of Q3 was £120.9m. The Required Maintenance Amount* for the Financial Year is £92.7m.

Capital Enhancement Expenditure Investments of £0.3m were made in Q3, £2.8m in the Relevant Year and £1.6m 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 2 July 2016 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	40.8
Maintenance Reserve Account	0.0
All other Obligor Accounts*	156.6

*includes £147.5m drawn under the Liquidity Facility following the downgrade of the facility provider's credit rating.

The amount available under the Liquidity Facility was £295m, of which £147.5m remains drawn following the downgrade of the facility provider's credit rating.

Estate

	Number
Outlets at the beginning of Q3	1,421
Acquisitions and substitutions	0
Disposals	3
Outlets at the end of Q3	1,418

Accounting Policies

Mitchells & Butlers Retail Limited certifies that these financials comply with Mitchells & Butlers Retail Limited accounting policies as detailed in its financial statements. For accounting periods up to 26th September 2015 these complied with Generally Accepted Accounting Principles applied in the United Kingdom. For accounting periods starting on or after 27th September 2015 Mitchells & Butlers Retail Ltd has transitioned to FRS101 as issued by the Financial Reporting Council.

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