

**INTERIM INVESTOR REPORT**

**MITCHELLS & BUTLERS RETAIL LIMITED**

**This Interim Investor Report covers the results for Mitchells & Butlers Retail Limited  
for the Semi Annual Period from 27 September 2020 to 10 April 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 :

Q2	means the results for the Financial Quarter from 16 January 2021 to 10 April 2021 (12 weeks);
Relevant Period	means the last two Financial Quarters (28 weeks) and
Relevant Year	means the last four Financial Quarters (52 weeks)

**Principal Debt Movements**

Q2 Principal Debt Movements on the Notes	Balance as at 16 January 2021 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 10 April 2021 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,578.0	(25.7)		1,552.3
Class A1N Notes	107.5	(2.8)		104.7
Class A2 Notes	195.6	(5.2)		190.4
Class A3N Notes	\$225.1	\$(6.0)		\$219.1
Class A4 Notes	125.2	(3.0)		122.2
Class AB Notes	315.0	(3.3)		311.7
Class B1 Notes	60.9	(4.8)		56.1
Class B2 Notes	279.4	(3.0)		276.4
Class C1 Notes	200.0			200.0
Class C2 Notes	50.0			50.0
Class D1 Notes	110.0			110.0

Q2 Principal Debt Movements on the Term Advance	Balance as at 16 January 2021 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 10 April 2021 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,579.6	(0.0)		1,579.6
A1N Term Advance	107.5	(0.0)		107.5
A2 Term Advance	195.6	(0.0)		195.6
A3N Term Advance	134.4	(0.0)		134.4
A4 Term Advance	125.2	(0.0)		125.2
AB Term Advance	315.0	(0.0)		315.0
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 Q2 was £5.4m giving a total of £478.2m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was a loss of £(20.9)m giving a total for the Relevant Year of a profit of £2.4m.

	Q2 (12 weeks) £m	Relevant Period (28 weeks) £m	Relevant Year (52 weeks) £m
Turnover	5.4	161.4	478.2
Operating expenses	(44.0)	(239.6)	(554.6)
Operating loss	(38.6)	(78.2)	(76.4)
EBITDA	(21.3)	(37.0)	2.1
Free Cash Flow	(21.3)	(37.0)	(7.8)
Debt Service	(49.3)	(109.5)	(204.6)

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

	Q2 £m	Relevant Period £m	Relevant Year £m
<b>Unadjusted operating loss after separately disclosed items</b>	<b>(39.6)</b>	<b>(76.8)</b>	<b>(6.0)</b>
<b>Add back/(deduct) separately disclosed items:</b>			
Costs directly associated with the Covid-19 pandemic	3.8	3.8	3.8
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	(0.2)	(0.3)	(0.3)
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	0.7	0.8
<b>Adjusted operating loss before separately disclosed items</b>	<b>(35.3)</b>	<b>(72.6)</b>	<b>(68.1)</b>
Onerous lease provision charge	0.0	0.0	0.1
IFRS 16 Adjustments			
Rent receivable	0.2	0.6	1.0
Dilapidations costs	(1.6)	(1.6)	(1.4)
Rent payable	(5.1)	(12.1)	(22.5)
Right-of-use asset depreciation	3.2	7.5	14.5
<b>Adjusted operating loss pre IFRS 16</b>	<b>(38.6)</b>	<b>(78.2)</b>	<b>(76.4)</b>
Add back: Depreciation	17.3	41.2	78.5
<b>Adjusted EBITDA pre IFRS 16</b>	<b>(21.3)</b>	<b>(37.0)</b>	<b>2.1</b>

## Coverages and Covenants

Free Cashflow DSCR was (0.04) times and the EBITDA to Debt Service ratio was 0.01 times for the Relevant Year and (0.3) 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

	Q2 (12 weeks)	Relevant Period (28 weeks)	Relevant Year (52 weeks)
Free Cash Flow : Debt Service	(0.4) times	(0.3) times	(0.04) times
EBITDA : Debt Service	(0.4) times	(0.3) times	0.01 times
Debt Service covenant satisfied		No	No
Restricted Payment Condition satisfied		No	No

No Restricted Payments were made during Q2. The Restricted Payment Maximum at 10 April 2021 was zero and no calculation of the Further Restricted Payment Maximum was required.

The cumulative Maintenance Expenditure\* at the end of Q2 was £19.7m. The Required Maintenance Amount\* for the Financial Year is £41.9m, this includes a reduction of £27.4m across Q1 and Q2 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 and Q2. The closure adjustment that may be required for Q3 and Q4 has not been estimated, but will be calculated as this requirement becomes known.

Capital Enhancement Expenditure Investments of £0.1m were made in Q2, £0.4m in the Relevant Period and £0.5m in the Relevant Year.

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

## Cash Balances

Balances on the following accounts at 10 April 2021 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	1.4
Maintenance Reserve Account	0.0
All other Obligor Accounts	32.8

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

## Liquidity Facility

The amount available under the Liquidity Facility at 10 April 2021 was as follows:

	£m
Total Liquidity Facility	295.0
Liquidity Facility drawn	(58.7)
Available Liquidity Facility	<u>236.3</u>

## Estate

	Number
Outlets at the beginning of Q2	1,344
Acquisitions and substitutions	0
Disposals	(1)
Outlets at the end of Q2	<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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## QUARTERLY FINANCIAL INFORMATION

### MITCHELLS & BUTLERS RETAIL LIMITED

**This Quarterly Financial Information covers the results for Mitchells & Butlers Retail Limited for the Financial Quarter from 26 September 2020 to 16 January 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 :

Q1	means the results for the Financial Quarter from 26 September 2020 to 16 January 2021 (16 weeks);
Relevant Period	means the last two Financial Quarters (28 weeks) and
Relevant Year	means the last four Financial Quarters (52 weeks)

## Principal Debt Movements

Q1 Principal Debt Movements on the Notes	Balance as at 26 September 2020 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 16 January 2021 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,603.4	(25.4)		1,578.0
Class A1N Notes	110.3	(2.8)		107.5
Class A2 Notes	200.7	(5.1)		195.6
Class A3N Notes	\$231.0	\$(5.9)		\$225.1
Class A4 Notes	128.1	(2.9)		125.2
Class AB Notes	318.4	(3.4)		315.0
Class B1 Notes	65.6	(4.7)		60.9
Class B2 Notes	282.4	(3.0)		279.4
Class C1 Notes	200.0			200.0
Class C2 Notes	50.0			50.0
Class D1 Notes	110.0			110.0

Q1 Principal Debt Movements on the Term Advance	Balance as at 26 September 2020 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 16 January 2021 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,608.8	(29.2)		1,579.6
A1N Term Advance	110.3	(2.8)		107.5
A2 Term Advance	200.7	(5.1)		195.6
A3N Term Advance	137.9	(3.5)		134.4
A4 Term Advance	128.1	(2.9)		125.2
AB Term Advance	318.4	(3.4)		315.0
B1 Term Advance	69.0	(7.1)		61.9
B2 Term Advance	284.4	(4.4)		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 16 weeks comprising Q1 was £156.0m giving a total of £726.8m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was a loss of £(15.7)m giving a total for the Relevant Year of a profit of £61.4m.

	Q1 (16 weeks) £m	Relevant Period (28 weeks) £m	Relevant Year (52 weeks) £m
Turnover	156.0	467.8	726.8
Operating expenses	(195.6)	(459.3)	(746.7)
Operating (loss)/profit	(39.6)	8.5	(19.9)
EBITDA	(15.7)	50.9	61.4
Free Cash Flow	(15.7)	24.3	51.6
Debt Service	(57.0)	(108.6)	(202.5)

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

	Q1 £m	Relevant Period £m	Relevant Year £m
<b>Unadjusted operating (loss)/profit after separately disclosed items</b>	<b>(37.3)</b>	<b>79.1</b>	<b>(79.8)</b>
<b>Add back/(deduct) separately disclosed items:</b>			
Costs directly associated with the Covid-19 pandemic	0.0	(0.9)	7.9
Revaluation of pub estate	0.0	(71.8)	42.8
Impairment of freehold & long leasehold fixtures & fittings	0.0	5.2	7.2
Impairment recognised on short lease assets	0.0	2.0	2.4
Impairment of right-of-use assets	0.0	5.8	13.6
Profit on disposal of property	(0.1)	(0.2)	(0.1)
Intercompany impairment	0.0	5.1	5.1
VAT rank claim	0.0	(12.4)	(12.4)
VAT capital goods scheme	0.0	(0.3)	(0.3)
Sublease income impairment	0.0	0.2	0.2
<b>Adjusted operating (loss)/profit before separately disclosed items</b>	<b>(37.4)</b>	<b>11.8</b>	<b>(13.4)</b>
Onerous lease provision charge	0.0	0.1	0.1
IFRS 16 Adjustments			
Rent receivable	0.3	0.5	1.1
Rent payable	(6.8)	(11.9)	(22.4)
Dilapidations costs	0.0	0.2	0.2
Right-of-use asset depreciation	4.3	7.8	14.5
<b>Adjusted operating (loss)/profit pre IFRS 16</b>	<b>(39.6)</b>	<b>8.5</b>	<b>(19.9)</b>
Add back: Depreciation	23.9	42.4	81.3
<b>Adjusted EBITDA pre IFRS 16</b>	<b>(15.7)</b>	<b>50.9</b>	<b>61.4</b>

## Coverages and Covenants

Free Cashflow DSCR was 0.3 times and the EBITDA to Debt Service ratio was 0.3 times for the Relevant Year and 0.2 times and 0.5 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 £2,144m and the Net Worth Covenant is therefore satisfied.



	Q1 (16 weeks)	Relevant Period (28 weeks)	Relevant Year (52 weeks)
Free Cash Flow : Debt Service	(0.3) times	0.2 times	0.3 times
EBITDA : Debt Service	(0.3) times	0.5 times	0.3 times
Debt Service covenant satisfied		No	No
Restricted Payment Condition satisfied		No	No

No Restricted Payments were made during Q1. The Restricted Payment Maximum at 16 January 2021 was zero and no calculation of the Further Restricted Payment Maximum was required.

The cumulative Maintenance Expenditure\* at the end of Q1 was £15.0m. The Required Maintenance Amount\* for the Financial Year is £59.2m, this includes a reduction of £10.1m in Q1 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.

Capital Enhancement Expenditure Investments of £0.3m were made in Q1, £0.3m in the Relevant Period and £3.2m in the Relevant Year.

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

## Cash Balances

Balances on the following accounts at 16 January 2021 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	1.4
Maintenance Reserve Account	0.0
All other Obligor Accounts	21.2

## Liquidity Facility

The amount available under the Liquidity Facility at 16 January 2021 was as follows:

	£m
Total Liquidity Facility	295.0
Liquidity Facility drawn	(9.1)
Available Liquidity Facility	<u>285.9</u>

## Estate

	Number
Outlets at the beginning of Q1	1,346
Acquisitions and substitutions	0
Disposals	(2)
Outlets at the end of Q1	<u>1,344</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 12 June 2020).

For further information please contact:

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

Andrew Vaughan – Group Treasurer

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