

**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 29 September 2019 to 11 April 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 :

Q2 means the results for the Financial Quarter from 19 January 2020 to 11 April 2020 (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 19 January 2020 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 11 April 2020 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,676.0	(22.8)		1,653.2
Class A1N Notes	118.6	(2.7)		115.9
Class A2 Notes	215.8	(5.0)		210.8
Class A3N Notes	\$248.3	\$(5.7)		\$242.6
Class A4 Notes	136.5	(2.7)		133.8
Class AB Notes	325.0			325.0
Class B1 Notes	79.5	(4.6)		74.9
Class B2 Notes	292.4	(4.4)		288.0
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 19 January 2020 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 11 April 2020 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,676.0	(22.8)		1,653.2
A1N Term Advance	118.6	(2.7)		115.9
A2 Term Advance	215.8	(5.0)		210.8
A3N Term Advance	148.2	(3.4)		144.8
A4 Term Advance	136.5	(2.7)		133.8
AB Term Advance	325.0			325.0
B1 Term Advance	79.5	(4.6)		74.9
B2 Term Advance	292.4	(4.4)		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 Q2 was £254.0m giving a total of £1,560.8m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was £38.1m giving a total for the Relevant Year of £322.4m.

	<b>Q2 (12 weeks)</b>	<b>Relevant Period (28 weeks)</b>	<b>Relevant Year (52 weeks)</b>
	£m	£m	£m
Turnover	254.0	776.3	1,560.8
Operating expenses	(236.1)	(676.6)	(1,326.8)
Operating Profit	17.9	99.7	234.0
EBITDA	38.1	147.0	322.4
Free Cash Flow	38.2	127.7	266.5
Debt Service	(47.2)	(105.7)	(197.3)

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

	<b>Q2</b>	<b>Relevant Period</b>	<b>Relevant Year</b>
	£m	£m	£m
<b>Unadjusted Operating (Loss)/Profit after separately disclosed items</b>	<b>(113.4)</b>	<b>(30.0)</b>	<b>101.5</b>
<b>Add back separately disclosed items:</b>			
Costs directly associated with the Covid-19 pandemic	7.9	7.9	7.9
Revaluation of pub estate	114.6	114.6	116.7
Impairment of freehold & long leasehold fixtures & fittings	2.0	2.0	2.0
Impairment recognised on short lease assets	0.4	0.4	2.6
Impairment of right-of-use assets	7.8	7.8	7.8
<b>Adjusted Operating Profit before Separately disclosed items</b>	<b>19.3</b>	<b>102.7</b>	<b>238.5</b>
Onerous lease provision release	0.0	0.0	(1.5)
<b>IFRS 16 Adjustments</b>			
Rent receivable	0.3	0.6	0.6
Rent payable	(5.1)	(12.2)	(12.2)
Right-of-use asset depreciation	3.4	8.6	8.6
<b>Adjusted Operating Profit pre IFRS 16</b>	<b>17.9</b>	<b>99.7</b>	<b>234.0</b>
Add back: Depreciation	20.2	47.3	88.4
<b>Adjusted EBITDA pre IFRS 16</b>	<b>38.1</b>	<b>147.0</b>	<b>322.4</b>

## Coverages and Covenants

Free Cashflow DSCR was 1.4 times and the EBITDA to Debt Service ratio was 1.6 times for the Relevant Year and 1.2 times and 1.4 times respectively for the Relevant Period. The Debt Service Covenant was satisfied, however the Restricted Payment Condition was not satisfied. Net Worth (at the last Financial Year end) was £2,322m and the Net Worth Covenant is therefore satisfied.

	<b>Q2 (12 weeks)</b>	<b>Relevant Period (28 weeks)</b>	<b>Relevant Year (52 weeks)</b>
Free Cash Flow : Debt Service	0.8 times	1.2 times	1.4 times
EBITDA : Debt Service	0.8 times	1.4 times	1.6 times
Debt Service covenant satisfied		Yes	Yes
Restricted Payment Condition satisfied		No	No

No Restricted Payments were made during Q2. The Restricted Payment Maximum at 11 April 2020 was zero and no calculation of the Further Restricted Payment Maximum was required.

The cumulative Maintenance Expenditure\* at the end of Q2 was £81.0m. 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 expected 12 weeks of full closure in Q3.

Capital Enhancement Expenditure Investments of £2.8m were made in Q2, £10.3m in the Relevant Period and £11.9m 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 11 April 2020 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	1.2
Maintenance Reserve Account	0.0
All other Obligor Accounts	47.1

The amount available under the Liquidity Facility at 11 April 2020 was £295m. Subsequent to this date £46.9m has been drawn on 15 June 2020.

## Estate

	Number
Outlets at the beginning of Q2	1,356
Acquisitions and substitutions	0
Disposals	(6)
Outlets at the end of Q2	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).

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 Quarterly Financial Information covers the results for Mitchells & Butlers Retail Limited for the financial quarter from 29 September 2019 to 18 January 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 :

Q1 means the results for the Financial Quarter from 29 September 2019 to 18 January 2020 (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 29 September 2019 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 18 January 2020 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,698.4	(22.4)		1,676.0
Class A1N Notes	121.3	(2.7)		118.6
Class A2 Notes	220.6	(4.9)		215.7
Class A3N Notes	\$253.9	\$(5.6)		\$248.3
Class A4 Notes	139.3	(2.8)		136.5
Class AB Notes	325.0			325.0
Class B1 Notes	84.1	(4.6)		79.5
Class B2 Notes	296.5	(4.1)		292.4
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 29 September 2019 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 18 January 2020 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,698.4	(22.4)		1,676.0
A1N Term Advance	121.3	(2.7)		118.6
A2 Term Advance	220.6	(4.9)		215.7
A3N Term Advance	151.6	(3.4)		148.2
A4 Term Advance	139.3	(2.8)		136.5
AB Term Advance	325.0			325.0
B1 Term Advance	84.1	(4.6)		79.5
B2 Term Advance	296.5	(4.1)		292.4
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 16 weeks comprising Q1 was £522.4m giving a total of £1,684.9m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was £108.9m giving a total for the Relevant Year of £373.2m.

	Q1 (16 weeks) £m	Relevant Period (28 weeks) £m	Relevant Year (52 weeks) £m
Turnover	522.4	911.8	1,684.9
Operating expenses	(440.5)	(762.5)	(1,401.5)
Operating Profit	81.9	149.4	283.4
EBITDA	108.9	196.8	373.2
Free Cash Flow	89.5	161.0	295.4
Debt Service	(55.7)	(105.7)	(197.3)

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

	Q1 £m	Relevant Period £m	Relevant Year £m
<b>Statutory Operating Profit before Separately disclosed items</b>	<b>83.4</b>	<b>148.4</b>	<b>282.4</b>
IFRS 16 Adjustments			
Rent Receivable	0.3	0.3	0.3
Rent Payable	(7.1)	(7.1)	(7.1)
Right of Use Asset depreciation	5.3	5.3	5.3
Onerous Lease provision release		(1.5)	(1.5)
Impairment recognised on short lease assets		2.0	2.0
Revaluation of pub estate		2.0	2.0
<b>Adjusted Operating Profit</b>	<b>81.9</b>	<b>149.4</b>	<b>283.4</b>
Add back depreciation	27.0	47.4	89.8
<b>Adjusted EBITDA</b>	<b>108.9</b>	<b>196.8</b>	<b>373.2</b>

## 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 1.5 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 £2,322m and the Net Worth Covenant is therefore satisfied.

	Q1 (16 weeks)	Relevant Period (28 weeks)	Relevant Year (52 weeks)
Free Cash Flow : Debt Service	1.6 times	1.5 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

Restricted Payments of £10m were made during Q1. The Restricted Payment Maximum at 18 January 2020 was £22.6m and no calculation of the Further Restricted Payment Maximum was required.



The cumulative Maintenance Expenditure\* at the end of Q1 was £41.2m. The Required Maintenance Amount\* for the Financial Year is £95.4m.

Capital Enhancement Expenditure Investments of £7.5m were made in Q1, £13.8m in the Relevant Year and £8.5m 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 18 January 2020 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	1.0
Maintenance Reserve Account	0.0
All other Obligor Accounts	64.9

The amount available under the Liquidity Facility is £295m.

### Estate

	Number
Outlets at the beginning of Q1	1,356
Acquisitions and substitutions	0
Disposals	0
Outlets at the end of Q1	1,356

### 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:

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