

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 25 September 2016 to 8 April 2017

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 15 January 2017 to 8 April 2017 (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 15 January 2017 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 8 April 2017 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,924.8	(19.1)		1,905.7
Class A1N Notes	149.2	(2.4)		146.8
Class A2 Notes	271.4	(4.4)		267.0
Class A3N Notes	\$312.4	\$(5.1)		\$307.3
Class A4 Notes	165.8	(2.2)		163.6
Class AB Notes	325.0			325.0
Class B1 Notes	131.0	(4.0)		127.0
Class B2 Notes	335.9	(3.1)		332.8
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 15 January 2017 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 8 April 2017 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,924.8	(19.1)		1,905.7
A1N Term Advance	149.2	(2.4)		146.8
A2 Term Advance	271.4	(4.4)		267.1
A3N Term Advance	186.5	(3.0)		183.5
A4 Term Advance	165.8	(2.2)		163.6
AB Term Advance	325.0			325.0
B1 Term Advance	131.0	(4.0)		127.0
B2 Term Advance	335.9	(3.1)		332.8
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 £362.7m giving a total of £1,616.8m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was £77.3m giving a total for the Relevant Year of £357.4m.

	Q2 (12 weeks)	Relevant Period (28 weeks)	Relevant Year (52 weeks)
	£m	£m	£m
Turnover	362.7	858.6	1,616.8
Operating expenses	(305.6) [#]	(726.2) [#]	(1,347.7) ^{*#}
Operating Profit	57.1 [#]	132.4 [#]	269.1 ^{*#}
EBITDA	77.3	180.1	357.4
Free Cash Flow	61.9	147.3	283.1
Debt Service	(46.5)	(104.0)	(193.9)

* 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.

Excludes £1.4m of onerous lease provision and £2.4m of impairment on assets held for sale.

Coverages and Covenants

Free Cashflow DSCR was 1.5 times and the EBITDA to Debt Service ratio was 1.8 times for the Relevant Year and 1.4 times and 1.7 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 £1,999m and the Net Worth Covenant is therefore satisfied.

	Q2 (12 weeks)	Relevant Period (28 weeks)	Relevant Year (52 weeks)
Free Cash Flow : Debt Service	1.3 times	1.4 times	1.5 times
EBITDA : Debt Service	1.7 times	1.7 times	1.8 times
Debt Service covenant satisfied		Yes	Yes
Restricted Payment Condition satisfied		Yes	Yes

Restricted Payments of £0.0m were made during Q2. The Restricted Payment Maximum at 8 April 2017 was £45.1m and no calculation of the Further Restricted Payment Maximum was required.

Maintenance and Capital Enhancement

The cumulative Maintenance Expenditure* at the end of Q2 was £64.1m. The Required Maintenance Amount* for the Financial Year is £91.6m.

Capital Enhancement Expenditure Investments of £17.3m were made in Q2, £54.3m in the Relevant Year and £32.1m 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 8 April 2017 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	0.5
Maintenance Reserve Account	0.0
All other Obligor Accounts*	218.4

*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 Q2	1,416
Acquisitions and substitutions	0
Disposals	1
Outlets at the end of Q2	1,415

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 Quarterly Financial Information covers the results for Mitchells & Butlers Retail Limited for the financial quarter from 25 September 2016 to 14 January 2017

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 25 September 2016 to 14 January 2017 (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 24 September 2016 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 14 January 2017 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,943.6	(18.8)		1,924.8
Class A1N Notes	151.5	(2.3)		149.2
Class A2 Notes	275.8	(4.4)		271.4
Class A3N Notes	\$317.3	\$(4.9)		\$312.4
Class A4 Notes	167.9	(2.1)		165.8
Class AB Notes	325.0			325.0
Class B1 Notes	135.0	(4.0)		131.0
Class B2 Notes	338.9	(3.0)		335.9
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 25 September 2016 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 14 January 2017 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,943.6	(18.8)		1,924.8
A1N Term Advance	151.5	(2.3)		149.2
A2 Term Advance	275.8	(4.4)		271.4
A3N Term Advance	189.5	(3.0)		186.5
A4 Term Advance	167.9	(2.1)		165.8
AB Term Advance	325.0			325.0
B1 Term Advance	135.0	(4.0)		131.0
B2 Term Advance	338.9	(3.0)		335.9
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 16 weeks comprising Q1 was £496.0m giving a total of £1,612.1m for the Relevant Year (comprising 52 weeks). EBITDA for the quarter was £102.8m giving a total for the Relevant Year of £358.6m.

	Q1 (16 weeks) £m	Relevant Period (28 weeks) £m	Relevant Year (52 weeks) £m
Turnover	496.0	876.0	1,612.1
Operating expenses	(420.6)	(731.9)*	(1,342.6)*
Operating Profit	75.4	144.1*	269.6*
EBITDA	102.8	191.7	358.6
Free Cash Flow	85.4	153.1	266.5
Debt Service	(55.8)	(102.6)	(191.5)

* 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 1.5 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 £1,999m and the Net Worth Covenant is therefore satisfied.

	Q1 (16 weeks)	Relevant Period (28 weeks)	Relevant Year (52 weeks)
Free Cash Flow : Debt Service	1.5 times	1.5 times	1.4 times
EBITDA : Debt Service	1.8 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 Q1. The Restricted Payment Maximum at 14 January 2017 was £18.3m and no calculation of the Further Restricted Payment Maximum was required.

Maintenance and Capital Enhancement

The cumulative Maintenance Expenditure* at the end of Q1 was £33.8m. The Required Maintenance Amount* for the Financial Year is £91.6m.

Capital Enhancement Expenditure Investments of £14.8m were made in Q1, £38.2m in the Relevant Year and £36.6m 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 16 January 2016 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	38.1
Maintenance Reserve Account	0.0
All other Obligor Accounts*	206.9

*includes £147.5m drawn under the Liquidity Facility

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 Q1	1,418
Acquisitions and substitutions	0
Disposals	(2)
Outlets at the end of Q1	1,416

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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