

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 01 October 2017 to 14 April 2018

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 21 January 2018 to 14 April 2018 (12 weeks);
Relevant Period	means the last two Financial Quarters (28 weeks) and
Relevant Year	means the last four Financial Quarters (53 weeks)

Principal Debt Movements

Q2 Principal Debt Movements on the Notes	Balance as at 20 January 2018 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 14 April 2018 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,846.7	(20.3)		1,826.4
Class A1N Notes	139.4	(2.5)		136.9
Class A2 Notes	253.6	(4.5)		249.1
Class A3N Notes	\$291.9	\$(5.1)		\$286.6
Class A4 Notes	156.8	(2.2)		154.4
Class AB Notes	325.0			325.0
Class B1 Notes	114.6	(4.0)		110.4
Class B2 Notes	323.0	(3.1)		319.5
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 20 January 2018 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 14 April 2018 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,846.7	(20.3)		1,826.4
A1N Term Advance	139.4	(2.5)		136.9
A2 Term Advance	253.6	(4.5)		249.1
A3N Term Advance	174.3	(3.2)		171.1
A4 Term Advance	156.8	(2.4)		154.4
AB Term Advance	325.0			325.0
B1 Term Advance	114.6	(4.2)		110.4
B2 Term Advance	323.0	(3.5)		319.5
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 £363.4m giving a total of £1,653.0m for the Relevant Year (comprising 53 weeks). EBITDA for the quarter was £82.2m giving a total for the Relevant Year of £358.3m.

	Q2 (12 weeks) £m	Relevant Period (28 weeks) £m	Relevant Year (53 weeks) £m
Turnover	363.4	856.0	1,653.0
Operating expenses	(303.1) [#]	(726.2) [#]	(1,386.4) ^{*#}
Operating Profit	60.3 [#]	129.7 [#]	266.6 ^{*#}
EBITDA	82.2	180.3	358.3
Free Cash Flow	62.8	143.7	289.6
Debt Service	(47.2)	(104.4)	(197.8)

* Excludes £33m of exceptional movement comprising £4m of impairment recognised on short leasehold and unlicensed properties where their carrying values exceed their recoverable amount, £22m charge arising from the Company's revaluation of its pub estate, £2m impairment on assets held for sale and £5m movement on onerous lease provision.

Excludes £2.0m of profit on disposal of properties and £2.0m of impairment recognised on short leasehold properties where their carrying values exceed their recoverable amount.

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 £2,111m 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 £20.0m were made during Q2. The Restricted Payment Maximum at 14 April 2018 was £26.1m 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 £86.1m. The Required Maintenance Amount* for the Financial Year is £94.4m.

Capital Enhancement Expenditure Investments of £6.9m were made in Q2, £33.0m in the Relevant Year and £17.9m 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 14 April 2018 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	0.7
Maintenance Reserve Account	0.0
All other Obligor Accounts*	189.5

*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	1,358
Acquisitions and substitutions	0
Disposals	1
Outlets at the end of Q2	1,357

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 01 October 2017 to 20 January 2018

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 01 October 2017 to 20 January 2018 (16 weeks);

Relevant Period means the last two Financial Quarters (29 weeks) and

Relevant Year means the last four Financial Quarters (53 weeks)

Principal Debt Movements

Q1 Principal Debt Movements on the Notes	Balance as at 30 September 2017 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 20 January 2018 £m
Aggregate principal amount outstanding at the Financial Quarter Date	1,866.6	(19.9)		1,846.7
Class A1N Notes	141.9	(2.5)		139.4
Class A2 Notes	258.1	(4.5)		253.6
Class A3N Notes	\$297.1	\$(5.2)		\$291.9
Class A4 Notes	159.1	(2.3)		156.8
Class AB Notes	325.0			325.0
Class B1 Notes	118.8	(4.2)		114.6
Class B2 Notes	326.3	(3.3)		323.0
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 30 September 2017 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 20 January 2018 £m
Aggregate Principal Debt Outstanding at the Financial Quarter Date	1,866.6	(19.9)		1,846.7
A1N Term Advance	141.9	(2.5)		139.4
A2 Term Advance	258.1	(4.5)		253.6
A3N Term Advance	177.4	(3.1)		174.3
A4 Term Advance	159.1	(2.3)		156.8
AB Term Advance	325.0			325.0
B1 Term Advance	118.8	(4.2)		114.6
B2 Term Advance	326.3	(3.3)		323.0
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 £492.6m giving a total of £1,652.3m for the Relevant Year (comprising 53 weeks). EBITDA for the quarter was £98.2m giving a total for the Relevant Year of £353.5m.

	Q1 (16 weeks)	Relevant Period (29 weeks)	Relevant Year (53 weeks)
	£m	£m	£m
Turnover	492.6	899.7	1,652.3
Operating expenses	(423.1)	(756.9)*	(1,388.9)*
Operating Profit	69.5	142.7*	263.4*
EBITDA	98.2	192.1	353.5
Free Cash Flow	81.0	163.0	288.7
Debt Service	(55.6)	(106.9)	(197.1)

* Excludes £33m of exceptional movement comprising £4m of impairment recognised on short leasehold and unlicensed properties where their carrying values exceed their recoverable amount, £22m charge arising from the Company's revaluation of its pub estate, £2m impairment on assets held for sale and £5m movement on onerous lease provision.

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 1.5 times and 1.8 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 £2,111m and the Net Worth Covenant is therefore satisfied.

	Q1 (16 weeks)	Relevant Period (29 weeks)	Relevant Year (53 weeks)
Free Cash Flow : Debt Service	1.5 times	1.5 times	1.5 times
EBITDA : Debt Service	1.8 times	1.8 times	1.8 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 20 January 2018 was £50.2m 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 £46.8m. The Required Maintenance Amount* for the Financial Year is £94.4m.

Capital Enhancement Expenditure Investments of £11.0m were made in Q1, £43.5m in the Relevant Year and £17.4m 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 20 January 2018 were as follows:

	£m
Borrower Transaction Account	0.0
Disposals Proceeds Account	3.0
Maintenance Reserve Account	0.0
All other Obligor Accounts*	225.9

*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	1,360
Acquisitions and substitutions	(0)
Disposals	(2)
Outlets at the end of Q1	1,358

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.

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