



MARSTON'S PUBS LIMITED

**Quarterly Investor Report
For the Period ended 29 December 2012**

**This Quarterly Investor Report covers the results for Marston's Pubs Limited
from 30 September 2012 to 29 December 2012**

To: HSBC Trustee (C.I.) Limited (as *Borrower Security Trustee, Issuer Security Trustee, and Note Trustee*)
 HSBC Bank plc (as *Principal Paying Agent*)
 Standard & Poor's Rating Services
 Fitch Ratings Limited

Terms defined in the Master Definitions and Construction Schedule (the *Master Definitions and Construction Schedule*) dated as of 9 August 2005 and amended and restated on 22 November 2007 and signed for the purposes of identification by Freshfields Bruckhaus Deringer and Linklaters shall bear the same meaning herein.

Definitions:

Q1 means the results for the Financial Quarter from 30 September 2012 to 29 December 2012
 Q4 means the results for the Financial Quarter from 1 July 2012 to 29 September 2012
 Q3 means the results for the Financial Quarter from 1 April 2012 to 30 June 2012
 Q2 means the results for the Financial Quarter from 1 January 2012 to 31 March 2012

Relevant Period means Q1 + Q4; and
 Relevant Year means Q1 + Q4 + Q3 + Q2

Principal Debt Movements

| Principal Debt Movements on the Notes | Balance as at 30 September 2012 £m | Scheduled repayments made £m | Prepayments £m | Balance as at 29 December 2012 £m |
|---|---|---------------------------------------|-------------------|--|
| Aggregate principal amount outstanding at the Financial Quarter Date | 1,018.3 | (5.5) | - | 1,012.8 |
| Class A1 Notes | 147.2 | (3.9) | - | 143.3 |
| Class A2 Notes | 214.0 | - | - | 214.0 |
| Class A3 Notes | 200.0 | - | - | 200.0 |
| Class A4 Notes | 222.1 | (1.6) | - | 220.5 |
| Class AB1 Notes | 80.0 | - | - | 80.0 |
| Class B Notes | 155.0 | - | - | 155.0 |

| Principal Debt Movements on the Term Advance | Balance as at 30 September 2012 £m | Scheduled repayments made £m | Prepayments £m | Balance as at 29 December 2012 £m |
|--|---------------------------------------|---------------------------------|-------------------|--------------------------------------|
| Aggregate principal amount outstanding at the Financial Quarter Date | 1,018.3 | (5.5) | - | 1,012.8 |
| A1 Term Advance | 147.2 | (3.9) | - | 143.3 |
| A2 Term Advance | 214.0 | - | - | 214.0 |
| A3 Term Advance | 200.0 | - | - | 200.0 |
| A4 Term Advance | 222.1 | (1.6) | - | 220.5 |
| AB1 Term Advance | 80.0 | - | - | 80.0 |
| B Term Advance | 155.0 | - | - | 155.0 |

Specific Trading Details

Turnover for the 13 weeks comprising Q1 was £101.1m giving a total during the Relevant Year of £404.7m. EBITDA for the quarter was £31.3m giving a cumulative total of £129.1m.

| | Tenanted (Q1) £m | Managed (Q1) £m | Total (Q1) £m | Relevant Period (Q1 + Q4) £m | Relevant Year (Q1+Q4+Q3+Q2) £m |
|----------------------------|------------------------|-----------------------|---------------------|------------------------------------|--------------------------------------|
| Turnover | 49.9 | 51.2 | 101.1 | 206.8 | 404.7 |
| Operating expenses | 33.3 | 40.5 | 73.8 | 147.1 | 293.4 |
| Adjusted Operating Profit* | 16.6 | 10.6 | 27.2 | 59.6 | 111.2 |
| Operating Profit | | | 24.5 | 53.8 | 100.4 |
| EBITDA | 18.3 | 13.0 | 31.3 | 67.4 | 129.1 |
| Free Cash Flow | | | 28.3 | 59.7 | 114.9 |
| Debt Service | | | 20.6 | 40.2 | 78.9 |

* Before amortisation of goodwill

Coverages and Covenants

FCF DSCR was 1.5 times and the EBITDA to Debt Service ratio was 1.6 times for the Relevant Year and 1.5 times and 1.7 times respectively for the Relevant Period. The Debt Service Covenant and Restricted Payment Condition were satisfied.

| | Relevant Period (Q1 + Q4) | Relevant Year (Q1 + Q4 + Q3 + Q2) |
|--|------------------------------|--------------------------------------|
| Free Cash Flow: Debt Service | 1.5 times | 1.5 times |
| EBITDA: Debt Service | 1.7 times | 1.6 times |
| Debt Service Covenant satisfied | Yes | Yes |
| Restricted Payment Condition satisfied | Yes | Yes |

Net Worth as at 29 December 2012 was £571.0m. Restricted Payments of £5.0m were made in Q1 and £10.0m during the Relevant Year. The Restricted Payment Maximum at 29 December 2012 was £7.1m and no calculation of the Further Restricted Payment Maximum was required.

Maintenance and Capital Enhancement

The cumulative Maintenance Expenditure* in the Relevant Year was £20.4m and the Relevant Period was £10.3m. The Required Maintenance Amount* for the Relevant Year was £16.8m.

Capital Enhancement Expenditure of £6.7m was made in Q1, £26.1m in the Relevant Year and £14.7m in the Relevant Period.

*Maintenance includes both capital items and items expensed through the profit and loss account.

Cash Balances

Balances on the following accounts at 29 December 2012 were as follows:

| | |
|------------------------------|--------|
| | £m |
| Borrower Transaction Account | (17.8) |
| Disposals Proceeds Account | - |
| Maintenance Reserve Account | - |
| All other Obligor Accounts | 65.2 |

Amounts available under the Liquidity Facility were £120m. No amounts were drawn under this facility.

Estate

| | Tenanted Number | Managed Number | Total Number |
|--------------------------------------|--------------------|-------------------|-----------------|
| Outlets at the beginning of Q1 | 1,543 | 278 | 1,821 |
| Conversions from Managed to Tenanted | - | - | - |
| Conversion from Tenanted to Managed | - | - | - |
| Acquisitions and substitutions | - | - | - |
| Disposals | (4) | (3) | (7) |
| Outlets at the end of Q1 | 1,539 | 275 | 1,814 |

The aggregate proceeds from disposals was £2.4m for the quarter.

Accounting Policies

Marston's PLC certifies that these financials comply with Generally Accepted Accounting Principles applied in the United Kingdom.

Defaults

Marston's PLC certifies that no Loan Event of Default or Potential Loan Event of Default has occurred.

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