



MARSTON'S PUBS LIMITED

**Quarterly Investor Report
For the Period ended 4 January 2014**

**This Quarterly Investor Report covers the results for Marston's Pubs Limited
from 30 December 2012 to 4 January 2014**

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 6 October 2013 to 4 January 2014
 Q4 means the results for the Financial Quarter from 30 June 2013 to 5 October 2013
 Q3 means the results for the Financial Quarter from 31 March 2013 to 29 June 2013
 Q2 means the results for the Financial Quarter from 30 December 2012 to 30 March 2013

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 6 October 2013 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 4 January 2014 £m
Aggregate principal amount outstanding at the Financial Quarter Date	995.6	(5.8)	-	989.8
Class A1 Notes	131.6	(4.1)	-	127.5
Class A2 Notes	214.0	-	-	214.0
Class A3 Notes	200.0	-	-	200.0
Class A4 Notes	215.0	(1.7)	-	213.3
Class AB1 Notes	80.0	-	-	80.0
Class B Notes	155.0	-	-	155.0

Principal Debt Movements on the Term Advance	Balance as at 6 October 2013 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 4 January 2014 £m
Aggregate principal amount outstanding at the Financial Quarter Date	995.6	(5.8)	-	989.8
A1 Term Advance	131.6	(4.1)	-	127.5
A2 Term Advance	214.0	-	-	214.0
A3 Term Advance	200.0	-	-	200.0
A4 Term Advance	215.0	(1.7)	-	213.3
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 £101.8m giving a total during the Relevant Year of £421.8m. EBITDA for the quarter was £32.2m giving a cumulative total of £132.5m.

	Tenanted (Q1) £m	Managed (Q1) £m	Total (Q1) £m	Relevant Period (Q1 + Q4) £m	Relevant Year (Q1+Q4+Q3+Q2) £m
Turnover	47.1	54.7	101.8	220.8	421.8
Operating expenses	30.2	43.0	73.2	157.8	304.7
Adjusted Operating Profit*	16.9	11.7	28.6	63.0	117.1
Operating Profit			26.1	57.9	106.7
EBITDA	18.4	13.8	32.2	70.4	132.5
Free Cash Flow			30.8	66.5	126.1
Debt Service			20.8	42.8	84.8

* 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 1.6 times and 1.6 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	1.6 times	1.5 times
EBITDA: Debt Service	1.6 times	1.6 times
Debt Service Covenant satisfied	Yes	Yes
Restricted Payment Condition satisfied	Yes	Yes

Net Worth as at 4 January 2014 was £550.0m. Restricted Payments of £10.0m were made in Q1 and £17.0m during the Relevant Year. The Restricted Payment Maximum at 4 January 2014 was £12.9m and no calculation of the Further Restricted Payment Maximum was required.

Maintenance and Capital Enhancement

The cumulative Maintenance Expenditure* in the Relevant Year was £21.1m and the Relevant Period was £11.7m. The Required Maintenance Amount* for the Relevant Year was £16.7m.

Capital Enhancement Expenditure of £3.4m was made in Q1, £19.2m in the Relevant Year and £7.6m 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 4 January 2014 were as follows:

	£m
Borrower Transaction Account	(5.5)
Disposals Proceeds Account	109.0
Maintenance Reserve Account	-
All other Obligor Accounts	48.2

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 Q4	1,441	271	1,712
Conversions from Managed to Tenanted	-	-	-
Conversion from Tenanted to Managed	-	-	-
Acquisitions and substitutions	-	-	-
Disposals	(216)	-	(216)
Prior year disposals reclassified	(5)	5	-
Outlets at the end of Q4	1,220	276	1,496

The aggregate proceeds from disposals was £89.4m for the quarter. This includes the sale of 194 pubs to New River Retail.

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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