

**Marston's Pubs Limited**  
**QUARTER 3 INVESTOR REPORT**  
**For the Period ended 30 June 2007**

**This Investor Report covers the results for Marston's Pubs Limited**  
**From 2 July 2006 to 30 June 2007**

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 signed for the purposes of identification by Freshfields Bruckhaus Deringer and Linklaters shall bear the same meaning herein.

**Definitions:**

Q4 means the results for the Financial Quarter from 2 July 2006 to 30 September 2006  
 Q1 means the results for the Financial Quarter from 1 October 2006 to 30 December 2006  
 Q2 means the results for the Financial Quarter from 31 December to 31 March 2007  
 Q3 means the results for the Financial Quarter from 1 April 2007 to 30 June 2007

Relevant Period means Q2 + Q3; and

Relevant Year means Q4 + Q1 + Q2 + Q3

**Principal Debt Movements**

Q3 Principal Debt Movements on the Notes	Balance as at 1 April 2007 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 30 June 2007 £m
Aggregate principal amount outstanding at the Financial Quarter Date	789.2	(2.9)	-	786.3
Class A1 Notes	220.2	(2.9)	-	217.3
Class A2 Notes	214.0	-	-	214.0
Class A3 Notes	200.0	-	-	200.0
Class B Notes	155.0	-	-	155.0

Q3 Principal Debt Movements on the Term Advance	Balance as at 1 April 2007 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 30 June 2007 £m
Aggregate principal debt outstanding at the Financial Quarter Date	789.2	(2.9)	-	786.3
A1 Term Advance	220.2	(2.9)	-	217.3
A2 Term Advance	214.0	-	-	214.0
A3 Term Advance	200.0	-	-	200.0
B Term Advance	155.0	-	-	155.0

## Specific Trading Details

Turnover for the 26 weeks comprising Q2 and Q3 was £160.8m giving a total during the Relevant Year of £326.3m. EBITDA for the quarter was £33.1m giving a cumulative total of £118.6m.

	Tenanted (Q3) £m	Managed (Q3) £m	Total (Q3) £m	Relevant Period (Q2 + Q3) £m	Relevant Year (Q4 + Q1 + Q2 + Q3) £m
Turnover	33.9	51.5	85.4	160.8	326.3
Operating expenses	17.6	39.3	56.9	110.2	225.2
Adjusted Operating Profit*	16.3	12.2	28.5	50.6	101.1
Operating Profit			18.5	38.1	83.6
EBITDA	18.0	15.1	33.1	59.4	118.6
Free Cash Flow			24.4	44.6	87.9
Debt Service			13.0	25.6	51.5

\* Before amortisation of goodwill

## Coverages and Covenants

FCF DSCR was 1.7 times and the EBITDA to Debt Service ratio was 2.3 times for the Relevant Year and 1.7 times and 2.3 times respectively for the Relevant Period. The Debt Service Covenant and Restricted Payment Condition were satisfied.

	Relevant Period (Q2 + Q3)	Relevant Year (Q4 + Q1 + Q2 + Q3)
Free Cash Flow: Debt Service	1.7 times	1.7 times
EBITDA: Debt Service	2.3 times	2.3 times
Debt Service covenant satisfied	Yes	Yes
Restricted Payment Condition satisfied	Yes	Yes

Net Worth as at 30 June 2007 was £446.7m. Restricted Payments of £nil were made in Q3 and £28m during the Relevant Year. The Restricted Payment Maximum at 30 June 2007 was £28.6m and no calculation of the Further Restricted Payment Maximum was required.

## Maintenance and Capital Enhancement

The cumulative Maintenance Expenditure\* in the Relevant Year was £29.0m and the Relevant Period was £14.6m. The Required Maintenance Amount\* for the Relevant Year is £13.3m.

Capital Enhancement Expenditure of £4.2m was made in the Q3, £17.3m in the Relevant Year and £13.6m 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 30 June 2007 were as follows:

	£m
Borrower Transaction Account	(16.5)
Disposals Proceeds Account	56.3
Maintenance Reserve Account	-
All other Obligor Accounts	38.4

Amounts available under the Liquidity Facility were £86m. No amounts were drawn under this facility.

## Estate

	Tenanted Number	Managed Number	Total Number
Outlets at the beginning of Q2	1,297	287	1,584
Conversions from Managed to Tenanted	1	(1)	-
Conversion from Tenanted to Managed	-	-	-
Acquisitions and substitutions	-	-	-
Disposals	(182)	-	(182)
Closed	-	-	-
Outlets at the end of Q3	1,116	286	1,402

The aggregate proceeds from disposals are £56.3m.

\* 72 tenanted pubs were subsequently substituted into the securitisation after the reporting period on 2 July 2007.

## 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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