



MARSTON'S PUBS LIMITED

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

**This Quarterly Investor Report covers the results for Marston's Pubs Limited
from 6 October 2013 to 4 October 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:

Q4 means the results for the Financial Quarter from 6 July 2014 to 4 October 2014
 Q3 means the results for the Financial Quarter from 6 April 2014 to 5 July 2014
 Q2 means the results for the Financial Quarter from 5 January 2014 to 5 April 2014
 Q1 means the results for the Financial Quarter from 6 October 2013 to 4 January 2014

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

Principal Debt Movements

Principal Debt Movements on the Notes	Balance as at 6 July 2014 £m	Scheduled repayments made £m	Repurchases £m	Balance as at 4 October 2014 £m
Aggregate principal amount outstanding at the Financial Quarter Date	897.8	(6.2)	-	891.6
Class A1 Notes	119.3	(4.2)	-	115.1
Class A2 Notes	214.0	-	-	214.0
Class A3 Notes	200.0	-	-	200.0
Class A4 Notes	209.5	(2.0)	-	207.5
Class B Notes	155.0	-	-	155.0

Principal Debt Movements on the Term Advance	Balance as at 6 July 2014 £m	Scheduled repayments made £m	Repurchases £m	Balance as at 4 October 2014 £m
Aggregate principal amount outstanding at the Financial Quarter Date	897.8	(6.2)	-	891.6
A1 Term Advance	119.3	(4.2)	-	115.1
A2 Term Advance	214.0	-	-	214.0
A3 Term Advance	200.0	-	-	200.0
A4 Term Advance	209.5	(2.0)	-	207.5
B Term Advance	155.0	-	-	155.0

Specific Trading Details

Turnover for the 13 weeks comprising Q4 was £102.7m giving a total during the Relevant Year of £396.6m. EBITDA for the quarter was £31.7m giving a cumulative total of £121.1m.

	Tenanted (Q4) £m	Managed (Q4) £m	Total (Q4) £m	Relevant Period (Q3 + Q4) £m	Relevant Year (Q4+Q3+Q2+Q1) £m
Turnover	41.7	61.0	102.7	205.0	396.6
Operating expenses	28.2	46.3	74.5	150.2	289.6
Adjusted Operating Profit*	13.5	14.7	28.2	54.8	107.0
Operating Profit			26.0	50.4	97.8
EBITDA	14.9	16.8	31.7	61.7	121.1
Free Cash Flow			28.6	57.1	118.8
Debt Service			18.9	37.4	76.3

* Before amortisation of goodwill

Coverages and Covenants

FCF DSCR was 1.6 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 (Q4 + Q3)	Relevant Year (Q4 + Q3 + Q2 + Q1)
Free Cash Flow: Debt Service	1.5 times	1.6 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 4 October 2014 was £510.0m. Restricted Payments of £15.0m were made in Q4 and £25.0m during the Relevant Year. The Restricted Payment Maximum at 4 October 2014 was £18.4m 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 £5.8m. The Required Maintenance Amount* for the Relevant Year was £15.9m.

Capital Enhancement Expenditure of £5.3m was made in Q4, £15.6m in the Relevant Year and £8.9m 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 October 2014 were as follows:

	£m
Borrower Transaction Account	15.4
Disposals Proceeds Account	9.5
Maintenance Reserve Account	-
All other Obligor Accounts	13.2

Following a downgrade below the Minimum Short-Term Rating required by the liquidity facility provider, the Group exercised its entitlement to draw the full facility amount of £120m and hold it in a designated bank account.

Estate

	Tenanted Number	Managed Number	Total Number
Outlets at the beginning of Q4	1,114	274	1,388
Conversions from Managed to Tenanted	-	-	-
Conversion from Tenanted to Managed	-	-	-
Acquisitions and substitutions	-	6	6
Disposals	(46)	-	(46)
Outlets at the end of Q4	1,068	280	1,348

The aggregate proceeds from disposals were £7.9m 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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