



Marston's Pubs Limited
QUARTER 1 INVESTOR REPORT
For the Period ended 29 December 2007

This Investor Report covers the results for Marston's Pubs Limited
From 31 December 2006 to 29 December 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 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:

Q2 means the results for the Financial Quarter from 31 December 2006 to 31 March 2007

Q3 means the results for the Financial Quarter from 1 April to 30 June 2007

Q4 means the results for the Financial Quarter from 1 July to 29 September 2007

Q1 means the results for the Financial Quarter from 30 September to 29 December 2007

Relevant Period means Q4 + Q1; and

Relevant Year means Q2 + Q3 + Q4 + Q1

Principal Debt Movements

Principal Debt Movements on the Notes	Balance as at 29 September 2007 £m	Advances £m	Scheduled repayments made £m	Prepayments £m	Balance as at 29 December 2007 £m
Aggregate principal amount outstanding at the Financial Quarter Date	783.4	330.0	(3.0)	-	1110.4
Class A1 Notes	214.4	-	(3.0)	-	211.4
Class A2 Notes	214.0	-	-	-	214.0
Class A3 Notes	200.0	-	-	-	200.0
Class A4 Notes	-	250.0	-	-	250.0
Class AB1 Notes	-	80.0	-	-	80.0
Class B Notes	155.0	-	-	-	155.0

Principal Debt Movements on the Term Advance	Balance as at 29 September 2007 £m	Advances £m	Scheduled repayments made £m	Prepayments £m	Balance as at 29 December 2007 £m
Aggregate principal amount outstanding at the Financial Quarter Date	783.4	330.0	(3.0)	-	1110.4
A1 Term Advance	214.4	-	(3.0)	-	211.4
A2 Term Advance	214.0	-	-	-	214.0
A3 Term Advance	200.0	-	-	-	200.0
A4 Term Advance	-	250.0	-	-	250.0
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 £85.5m giving a total during the Relevant Year of £329.6m. EBITDA for the quarter was £30.8m giving a cumulative total of £122.0m.

	Tenanted (Q1) £m	Managed (Q1) £m	Total (Q1) £m	Relevant Period (Q4 + Q1) £m	Relevant Year (Q2 + Q3 + Q4 + Q1) £m
Turnover	38.9	46.6	85.5	168.8	329.6
Operating expenses	20.7	38.6	59.3	114.8	225.0
Adjusted Operating Profit*	18.2	8.0	26.2	54.0	104.6
Operating Profit			23.4	56.3	94.4
EBITDA	20.0	10.8	30.8	62.6	122.0
Free Cash Flow			25.2	49.9	94.5
Debt Service			14.7	27.6	53.4

- Before amortisation of goodwill

Coverages and Covenants

FCF DSCR was 1.8 times and the EBITDA to Debt Service ratio was 2.3 times for the Relevant Year and 1.8 times and 2.3 times respectively for the Relevant Period. The Debt Service Covenant and Restricted Payment Condition were satisfied.

	Relevant Period (Q4 + Q1)	Relevant Year (Q2 + Q3 + Q4 + Q1)
Free Cash Flow: Debt Service	1.8 times	1.8 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 29 December 2007 was £542.7m. Restricted Payments of £15m were made in Q1 and £28m during the Relevant Year. The Restricted Payment Maximum at 29 December 2007 was £25.3m and no calculation of the Further Restricted Payment Maximum was required.

Maintenance and Capital Enhancement

The cumulative Maintenance Expenditure* in the Relevant Year was £27.4m and the Relevant Period was £12.8m. The Required Maintenance Amount* for the Relevant Year is £13.4m

Capital Enhancement Expenditure of £7.8m was made in the Q1, £27.5m in the Relevant Year and £13.9m 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 29 December 2007 were as follows:

	£m
Borrower Transaction Account	(5.6)
Disposals Proceeds Account	-
Maintenance Reserve Account	-
All other Obligor Accounts	67.6

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	1,188	286	1,474
Conversions from Managed to Tenanted	-	-	-
Conversion from Tenanted to Managed	-	-	-
Acquisitions and substitutions	437	-	437
Disposals	-	-	-
Closed	-	-	-
Outlets at the end of Q1	1,625	286	1,911

The aggregate proceeds from disposals are £ nil .

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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