

**Marston's Pubs Limited (formerly W & DB Pubs Limited)**  
**QUARTER 1 INVESTOR REPORT**  
**For the Period ended 30 December 2006**

**This Investor Report covers the results for Marston's Pubs Limited  
from 1 January 2006 to 30 December 2006**

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:**

Q2 means the results for the Financial Quarter from 1 January 2006 to 1 April 2006  
Q3 means the results for the Financial Quarter from 2 April 2006 to 1 July 2006  
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

Relevant Period means Q4 + Q1; and

Relevant Year means Q1 + Q2 + Q3 + Q4

**Principal Debt Movements**

Q1 Principal Debt Movements on the Notes	Balance as at 30 September 2006 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 30 December 2006 £m
Aggregate principal amount outstanding at the Financial Quarter Date	794.9	(2.8)	-	792.1
Class A1 Notes	225.9	(2.8)	-	223.1
Class A2 Notes	214.0	-	-	214.0
Class A3 Notes	200.0	-	-	200.0
Class B Notes	155.0	-	-	155.0

Q1 Principal Debt Movements on the Term Advance	Balance as at 30 September 2006 £m	Scheduled repayments made £m	Prepayments £m	Balance as at 30 December 2006 £m
Aggregate principal debt outstanding at the Financial Quarter Date	794.9	(2.8)	-	792.1
A1 Term Advance	225.9	(2.8)	-	223.1
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 13 weeks comprising Q1 was £81.2m giving a total during the Relevant Year (since the 1 January 2005 to 30 December 2006) of £327.4m. EBITDA for the quarter was £28.6m giving a cumulative total of £116.7m.

	Tenanted (Q1) £m	Managed (Q1) £m	Total (Q1) £m	Relevant Period (Q4 + Q1) £m	Relevant Year (Q1 + Q2 + Q3 + Q4) £m
Turnover	35.0	46.2	81.2	165.5	327.4
Operating expenses	19.5	37.5	57.0	115.0	227.8
Adjusted Operating Profit*	15.5	8.7	24.2	50.5	99.6
Operating Profit			21.7	45.5	89.7
EBITDA	17.2	11.4	28.6	59.2	116.7
Free Cash Flow			19.3	43.3	90.1
Debt Service			12.9	25.7	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 (Q4 + Q1)	Relevant Year (Q1 + Q2 + Q3 + Q4)
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 December 2006 was £456.3m. Restricted Payments of nil were made in Q1 and £15m during the Relevant Year. The Restricted Payment Maximum at 30 December 2006 was £31.1m and no calculation of the Further Restricted Payment Maximum was required.

## Maintenance and Capital Enhancement

The cumulative Maintenance Expenditure\* in the Relevant Year was £22.4m and the Relevant Period was £14.4m. The Required Maintenance Amount\* for the Relevant Year is £9.2m.

Capital Enhancement Expenditure of £2.4m was made in the Q1, £9.3m in the Relevant Year and £3.7m 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 December 2006 were as follows:

	£m
Borrower Transaction Account	(10.6)
Disposals Proceeds Account	4.1
Maintenance Reserve Account	-
All other Obligor Accounts	50.6

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 Q4	1,281	304	1,585
Conversions from Managed to Tenanted	17	(17)	0
Conversion from Tenanted to Managed	-	-	-
Acquisitions and substitutions	-	-	-
Disposals	-	-	-
Closed	-	-	-
Outlets at the end of Q1	1,298	287	1,585

The aggregate proceeds from disposals are £nilm.

## 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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