

28th November 2013

Marston's PLC

Disposal of 202 pubs

Marston's PLC announces the disposal of 202 pubs for £90 million to NewRiver Retail Limited, a leading specialist REIT focused on the UK food and value retail sector. This disposal is consistent with Marston's strategy to target growth through investment in higher turnover pub-restaurants, improve the quality of its estate and reduce its exposure to smaller wet-led pubs.

The disposal comprises 158 community pubs from Marston's Taverns estate and 44 Leased pubs. Under the terms of the transaction Marston's will manage the pubs for five years in return for a management fee. For the first four years Marston's has provided a minimum income guarantee.

Based on EBITDA of £11.8m (net of the management fee) and operating profit of £10.4m for the year to 5 October 2013 the transaction represents an exit multiple of around 7.6x EBITDA. The pubs have a book value of £119.5m of which £37.4m is represented by previous revaluation surpluses.

The proceeds of this disposal will be used to redeem the £80m AB1 securitised note saving £6.7 million of interest per annum and, on a pro-forma basis, reduce group leverage by 0.1 times EBITDA. Net debt to EBITDA (excluding lease financing) at 5 October 2013 was 5.3 times.

Commenting, Ralph Findlay, Chief Executive Officer, said:

"This disposal will enable us to reduce the cost of servicing our securitised debt, is consistent with our strategy and improves the quality of our estate. It will also assist with financing the accelerating rollout of our new-build pub-restaurants which are achieving good returns."

ENQUIRIES:

Marston's PLC

Ralph Findlay, Chief Executive Officer
Andrew Andrea, Chief Financial Officer
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NOTES TO EDITORS

- Marston's is a leading pub operator and independent brewer.
- It has an estate of around 2,050 pubs situated nationally, comprising managed, franchised and leased pubs.
- It is the UK's leading brewer of premium cask and bottled ales, including Marston's Pedigree and Hobgoblin. The beer portfolio also includes Banks's, Jennings, Wychwood, Ringwood, Brakspear and Mansfield beers.
- Marston's employs around 13,000 people.