



25 January 2007
For immediate release

Marston's PLC ("Marston's" or the "Company")

Acquisition of Nouveaustar Limited ("Eldridge Pope")

Marston's announces that it has acquired Eldridge Pope for £155.1 million from Michael Cannon. The Eldridge Pope estate is an excellent geographical and operational fit for Marston's existing estate and the acquisition is expected to be earnings enhancing in the first full financial year following the acquisition.

The Board is also pleased to announce that the good start to the new financial year, as reported in our Preliminary Results Announcement on 1 December 2006, continued over the Christmas and New Year trading period.

Commenting on the acquisition Ralph Findlay, Chief Executive of Marston's, said:

"We are delighted with the acquisition of Eldridge Pope. It has invested significantly in the business in recent years, and offers a high quality well managed estate which complements our existing business both operationally and geographically. The Eldridge Pope estate should benefit from becoming a part of Marston's, and offers further opportunity for investment in the future."

John Clark, Chairman of Eldridge Pope, added:

"We are very pleased to announce the acquisition by Marston's. They are well positioned to develop the business further whilst maintaining the core values of the Eldridge Pope heritage and culture."

A conference call for analysts will be held at 8.45 a.m. today. Please phone Vanessa Laybourn at Hudson Sandler for dial in details on 0044 207 796 4133. A presentation will be available on the Company's web-site, www.marstons.co.uk, from 8.30 a.m. today.

Information on Eldridge Pope

Eldridge Pope includes the original Eldridge Pope pub business acquired by Michael Cannon's investment company SDA Limited in 2004, together with the Que Pasa high street brand, and Fairdeed, a wholesale business which distributes packaged products and wines and spirits to the Eldridge Pope pub estate. Since its acquisition by Michael

Cannon, the Eldridge Pope business has been rationalised and developed into a high quality pub estate.

Eldridge Pope will have a continuing estate of 135 pubs based predominantly in Southern England, and 18 sites to be disposed of. The continuing estate includes 95 managed pubs and 40 tenanted pubs, with freehold pubs contributing c.80% of outlet EBITDA.

Eldridge Pope's managed pubs operate predominantly as traditional community pubs, with a strong emphasis on food which represents approximately 30% of managed pub turnover. Eldridge Pope has devoted significant resources to developing the food offer in the estate, winning the 'Company of The Year' award at The Publican Food Awards 2006. The managed pub estate also includes 26 pubs with accommodation ('Nostalgic Inns'), and 14 Que Pasa branded bars offering quality food, drink and entertainment.

Eldridge Pope's tenanted estate of 40 freehold pubs is a community pub estate with the majority of pubs let under traditional fully tied 3-year tenancy agreements.

Marston's anticipates that the 18 sites to be disposed of will generate proceeds of up to £10 million within the next 12 months. The continuing estate of 135 pubs has a current un-audited run rate outlet EBITDA of £16.9 million, implying an acquisition multiple of 8.6 times outlet EBITDA taking into account the anticipated disposal proceeds.

In total, Eldridge Pope has a current un-audited run rate EBITDA before central overheads of £16.0 million, including costs associated with Fairdeed and the 18 pubs to be disposed of which are expected to be eliminated through synergies and disposals. As at September 2006, Eldridge Pope had audited gross operating assets of £116.0 million.

Effects and benefits of the acquisition

The Eldridge Pope estate is an excellent geographical and operational fit for Marston's existing estate, in particular strengthening its coverage in Southern England, and providing an increased critical mass from which to extend Marston's Inns and Taverns new-build development programme.

The acquisition will provide opportunities to convert appropriate Eldridge Pope sites into existing Marston's formats including Pitcher & Piano, Marston's Tavern Table, Taverners Carvery and 2 for 1, as well as to further develop the Que Pasa format in Marston's existing estate. Within the tenanted estate there is the potential to move the current tenancy agreements to longer term Marston's Pub Company leases over time, and there is scope to improve performance through investment. Both the managed and tenanted pubs offer the opportunity for increased distribution of beers from Marston's Beer Company.

It is anticipated that the acquisition will generate annual purchasing synergies of approximately £0.8 million, that central overhead costs of £5.0 million per year will be reduced by approximately £2.9 million, and that costs associated with Fairdeed and the 18 pubs to be disposed of will be reduced by approximately £0.9 million. These synergies are expected to be achieved in the first full financial year following acquisition.

In addition, Marston's expects to generate a further £1.0 million per year of purchasing synergies in the second financial year following acquisition.

The acquisition is expected to be earnings enhancing in the first full financial year following the acquisition.

Financing

The consideration was satisfied in cash and by the assumption of £17.1 million of debentures and loan notes.

As part of the funding of the acquisition, Marston's has replaced its existing £275 million corporate banking facility with £400 million of new facilities.

The consideration assumes that Marston's will continue to make scheduled payments into the Eldridge Pope final salary scheme to eliminate the September 2006 audited FRS17 post-tax pension deficit of £9.5 million by April 2015.

Following the acquisition Marston's retains balance sheet strength and financial flexibility and, as stated in the Preliminary Results Announcement on 1 December 2006, aims to return around £100 million to shareholders this financial year notwithstanding the acquisition of Eldridge Pope, subject to retaining flexibility to make further acquisitions should suitable opportunities arise.

Current trading

At the Annual General Meeting to be held at 12 noon on 26 January 2007, Ralph Findlay, Chief Executive, will give the following update on the Company's progress since the start of the current financial year on 1 October 2006:

“Our good start to the new financial year, as reported in our Preliminary Results Announcement on 1 December 2006, continued over the Christmas and New Year trading period.

“In Marston's Inns & Taverns, our managed pub division, like-for-like sales were 7.0% ahead of last year in the 16 weeks to 20 January 2007. As previously reported, like-for-like sales were 9.1% ahead of last year in the 8 weeks to 25 November 2006, and in the following 8 weeks to 20 January 2007 were 5.2% ahead of last year. Strong growth in food sales contributed to this good performance. In Marston's Pub Company, our tenanted and leased pub division, trading has remained good and is ahead of last year. Marston's Beer Company achieved strong volume and market share growth in premium ale against a weak beer market overall, with total beer volumes marginally below last year.

“Overall, our performance and cash flow has been in line with our expectations.”

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