

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF  
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22 May 2020

**MARSTON'S PLC**

**("Marston's")**

**Marston's PLC ("Marston's") and Carlsberg UK Holdings Limited ("Carlsberg UK") form a new JV partnership "Carlsberg Marston's Brewing Company ("CMBC")" to create a best in class, brand-led UK brewer of scale**

- A long term joint venture between a leading global brewer and established UK pub operator to create a best in class, brand-led UK brewer and distribution company with increased scale and resources
- Values the Marston's Brewing Business at up to £580 million (13.0x adj. 2019 EBITDA) and the Carlsberg UK Brewing Business at £200 million<sup>1</sup>
- Marston's to receive 40 per cent stake in CMBC and a cash equalisation payment of up to £273 million<sup>2</sup>. Carlsberg UK to receive 60 per cent stake in CMBC
- Significant value creation through synergies and productivity improvements, with reported annual joint venture cost synergies of around £24 million expected by the end of the third year following completion
- Cash equalisation payment to Marston's PLC will materially reduce debt outside the securitisation and provide additional financial flexibility
- Marston's to focus on its high quality, well invested pub and accommodation business while retaining a 40 per cent interest in a larger, more attractive brewing business
- Following discussions initiated in late 2019, the transaction is anticipated to complete in Q3 of this calendar year, subject to shareholder approval and competition clearance

**Ralph Findlay, Chief Executive of Marston's, said:**

*"I am delighted to announce today's JV with Carlsberg UK. This new partnership acknowledges Marston's strategy, position and consistent outperformance against the UK beer market, realising value for shareholders today, whilst retaining an interest in the future upside of the combined entity.*

*"Marston's strong heritage, extensive distribution platform and established reputation for brewing and logistics excellence, together with Carlsberg UK's values, long history in beer, brand portfolio and scale, combine the best attributes of both to create a compelling beer business with an outstanding portfolio of global and local beer brands, proven brewing expertise, strong distribution network and wholesale opportunity.*

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Note: unaudited financial information

<sup>1</sup> Adjusted standalone run-rate EBITDA of £44.6 million for Marston's Brewing Business and £21.1 million for Carlsberg UK

<sup>2</sup> Subject to net debt and working capital adjustment and also includes £5 million of other adjustments. Of the up to £273 million Equalisation Payment, £34 million will be deferred 12 months from Completion with the amount payable contingent on the share price performance of a pre-agreed basket of companies (A.G. BARR PLC, Britvic PLC, C&C Group PLC, Mitchells & Butlers PLC and Marston's PLC)

*“Marston’s will play a key role in the prospects of the combined entity which represents an exciting new chapter in Marston’s established brewing heritage and future potential, whilst enabling it to further reduce its debt and focus on maximising value from its high quality pub estate.”*

**Tomasz Blawat, Managing Director of Carlsberg UK, said:**

*“We are excited to move into the next phase of our growth strategy. After a successful relaunch of Carlsberg Danish Pilsner in the UK last year, we are now building a new beer company by combining two organisations with shared values and strong history and heritage in brewing.*

*“Our intent for the Carlsberg Marston’s Brewing Company is for it to become a platform for growth for all of our customers and suppliers, offering a bigger beer portfolio of complementary international, national and regional brands. We believe the new business will deliver even more value for employees, customers and consumers, thereby creating greater future growth potential.”*

**Cees ‘t Hart, Chief Executive of Carlsberg Group, said:**

*“The creation of the joint venture is an important step forward for our UK business. The joint venture’s brand portfolio will allow us to offer a significantly stronger beer portfolio to our UK customers. In addition, the combined business will bring our customers wider choice, greater capacity, product innovation and marketing and distribution efficiency benefits.”*

**A conference call will be held for analysts and investors at 2.00pm today. Please email [leisure@instinctif.com](mailto:leisure@instinctif.com) for dial-in details or alternatively call Jack Devoy on 0207 427 1445.**

**An accompanying slide presentation to the conference call will be available from 1.45pm at: [www.marstons.co.uk/investors/results-presentations](http://www.marstons.co.uk/investors/results-presentations)**

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## Creation of a new UK brewing joint venture “CMBC”

Marston’s PLC (“Marston’s”) is pleased to announce that it has entered into an agreement (the “Agreement”) with Carlsberg UK Holdings Limited (“Carlsberg UK”), under which it will contribute Marston’s brewing assets (“Marston’s Brewing Business”), valued at up to £580 million on a debt free / cash free basis, to a new UK brewing joint venture with Carlsberg UK (the “Transaction” or “Joint Venture”) in return for 40 per cent of the equity in the Joint Venture. Under the Agreement, Carlsberg UK will also contribute its brewing assets (“Carlsberg UK Brewing Business”), valued at £200 million on a debt free / cash free basis in return for 60 per cent of the equity in the Joint Venture.

On completion of the Transaction (“Completion”), Marston’s will become entitled to up to £273 million in the form of a cash equalisation payment, which is subject to adjustment, for each of the Marston’s Brewing Business and the Carlsberg UK Brewing Business in respect of: (a) any difference in the working capital position of the relevant business at Completion against an agreed, “normalised” level, (b) cash or debt in the relevant business at Completion and (c) £5 million of other adjustments (the “Equalisation Payment”). Of the up to £273 million Equalisation Payment, £34 million will be deferred for 12 months from Completion with the amount payable contingent on the extent of the recovery of the share price performance of a pre-agreed basket of companies to pre-COVID-19 levels<sup>3</sup>.

The combination of the Marston’s Brewing Business and the Carlsberg UK Brewing Business and the respective leading beer brands of each into the Joint Venture creates a business with a compelling multi-faceted growth strategy, which will include:

- Best in class brand portfolio, including Carlsberg Danish Pilsner, Marston’s Pedigree, Hobgoblin, Poretti, Wainwright, Young’s and an extensive portfolio of world beers and regional ales and complementary ale and lager prowess
- Continued dedication to service excellence and customer experience including increased consumer choice and continued distribution of third-party beer brands and other drinks to customers of the Joint Venture
- Greater scale with the ability to further invest in growth and drive further product innovation
  - Increased marketing and distribution reach
  - Greater brewing capacity and efficiency across the Joint Venture’s brewery network
  - Combined logistics expertise
- Significant synergies and efficiency benefits
- Strong management experience and expertise across both Marston’s and Carlsberg UK teams

The Joint Venture will bring together two highly complementary portfolios of ale and lager brands that will benefit from Marston’s and Carlsberg UK’s combined brewing, marketing and distribution platforms. Marston’s is one of the UK’s leading brewers of premium cask and packaged ales, as well as having the UK distribution rights for a range of licensed brands in the world beer, craft beer, low and no alcohol beer and cider market segments. Carlsberg UK is a division of the Carlsberg Group (headquartered in Denmark) and has a diverse portfolio of brands in the lager, craft and specialty beer and non-alcoholic beer market segments. The breadth and strength of this combined brand portfolio will increase consumer choice, provide greater flexibility and resources for future brand-building initiatives and increased levels of innovation in product and packaging.

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<sup>3</sup> Basket includes A.G. BARR PLC, Britvic PLC, C&C Group PLC, Mitchells & Butlers PLC and Marston’s PLC

The Joint Venture is expected to achieve significant reported annual cost synergies of around £24 million by the end of the third year following Completion, resulting from a combination of overhead costs, brewery and logistics efficiencies and procurement savings. Furthermore, the Joint Venture is expected to generate material additional annual revenue synergies through enhanced distribution and an improved portfolio of ale and lager brands.

A long term supply and distribution agreement will be put in place as part of the Transaction, pursuant to which the Joint Venture will exclusively supply and distribute drinks and related services to Marston's retained pub business on a third party arm's length basis (the "Supply Agreement"). CMBC will have multiple sites across the country and is intended to be headquartered in Wolverhampton.

Marston's will continue with its stated strategy outlined in January 2019, to reduce debt, deliver sustainable growth and maximise return on capital for shareholders.

The Equalisation Payment will enable Marston's to deliver on its debt reduction target, materially reducing debt outside the securitisation and providing additional financial flexibility. The Marston's management team remains focused on operating its high quality, predominantly freehold, pub and accommodation business offering great places to drink, eat and stay.

The Transaction is the conclusion of discussions that began in late 2019 and is conditional (amongst other things) on the approval of Marston's shareholders and on competition clearance. A Circular will be dispatched to Marston's shareholders in due course setting out further details of the Transaction, together with a notice of general meeting of Marston's shareholders. Completion is expected to occur in Q3 of this calendar year.

### **Marston's Brewing Business**

Marston's Brewing Business is a division of Marston's PLC which operates six breweries and 11 depots and distribution centres across England and Wales producing a broad range of cask, keg and packaged beers. Marston's has a high quality portfolio of brands with a strong presence across many of the growth segments in the beer market, driven by consumers seeking a wider choice of beers with local provenance and taste, including within the craft beer segment. Key beer brands include Marston's Pedigree, Hobgoblin, Wainwright, Young's, Courage, Banks's and McEwan's. Marston's is one of the UK's leading brewer of premium cask and packaged ales. The Marston's Brewing Business has been an integral part of the Marston's history for almost 200 years and has a strategy based around five strategic pillars that provide a framework for its forward-looking approach: beer and brands, customers and consumers, supply chain, service and people. Marston's distributes to c.11,000 customers directly.

Marston's beer brand portfolio has been enhanced through acquisitions such as Wainwright (acquired in 2015) and Bombardier, Young's and Courage (acquired in 2017), which provided additional distribution opportunities in London and the South of England, as did McEwan's in Scotland. These acquisitions further improved an already strong core brand range and strengthened Marston's strategy to focus on premium brands and local provenance. Marston's brands have also expanded globally, with exports accounting for around 10 per cent of Marston's own-brewed beer sales in 2019. Marston's exports 19 brands to more than 50 countries, including its six key markets of Russia, Canada, France, Italy, Germany and the USA. Marston's also has a successful track record of developing brands under exclusive license or distribution agreements, including Shipyard, Estrella Damm, Erdinger and Kaltenberg.

Marston's Brewing Business's revenue, underlying EBITDA and underlying operating profit for the financial year 2019 under IFRS were £389 million, £44 million (£44.6 million of adj. EBITDA<sup>4</sup>) and £33 million, respectively. As at 28 September 2019, Marston's Brewing Business had gross assets of £353 million and net assets of £196 million<sup>5</sup>.

### **Carlsberg UK**

Carlsberg UK is a division of Carlsberg A/S, which is headquartered in Denmark. Carlsberg A/S is one of the global leaders in brewing, operating in over 150 countries globally and has a diverse portfolio of over 140 brands across core beer, craft and specialty beer and non-alcoholic beer.

Carlsberg UK brews and sells premium quality beers, including Carlsberg Danish Pilsner, Carlsberg Expørt, Poretti and Tetley's, as well as holding the UK brand licence for San Miguel, Mahou and the Brooklyn Brewery craft beer portfolio, which includes Brooklyn Lager and Brooklyn Defender. Carlsberg UK operates a core brewery based in Northampton and a craft brewery in Hackney, London (London Fields).

In the year to 31 December 2019, Carlsberg UK reported revenue of £414 million, generated underlying EBITDA of £11 million (£21.1 million of adj. EBITDA<sup>5</sup>) and underlying operating profit of £2 million. As at 31 December 2019, Carlsberg UK had gross assets of £551 million and net assets of £137 million.<sup>6</sup>

### **Key reasons for the Transaction**

Marston's has been highly successful in growing its brewing business both organically and through acquisitions. This has been against a backdrop of ongoing challenging structural changes in the beer market and the Board has carefully considered options to maximise growth in that context. The Board has over time considered various options which would allow it to realise both its strategic ambitions and the inherent value of its leading brewing business and discussions with Carlsberg UK began in late 2019. This Transaction recognises both the value of Marston's Brewing Business and allows Marston's to retain an active and substantial investment in the new brewing Joint Venture whilst refocusing with greater emphasis on its pub and rooms business.

The Board believes that the Joint Venture will create one of the UK's leading brewing, beverage and distribution businesses. With an enhanced brand portfolio, greater consumer choice and the scale to better realise the brewing, distribution and wholesale opportunity in the UK, the Joint Venture will also create significant long-term value creation for Marston's shareholders on Completion and ongoing cash flow over the medium term, as well as providing meaningful capital to reduce debt. The Joint Venture creates a long term partnership between a leading global brewer and established UK pub business.

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<sup>4</sup> Adjusted standalone run-rate EBITDA

<sup>5</sup> Unaudited financial information

<sup>6</sup> In order to illustrate the underlying performance of Carlsberg UK, presentation has been made of performance measures excluding those items which it is considered would distort the comparability of Carlsberg UK's results. These non-underlying items comprise exceptional items and other adjusting items. Exceptional items are defined as those items that, by virtue of their nature, size or expected frequency, warrant separate additional disclosure in the historical financial information in order to fully understand the underlying performance of Carlsberg UK

### ***Best in class brand portfolio creating a stronger, more competitive UK brewer***

- The Joint Venture will combine Marston's portfolio of premium ales with one of the world's leading lager brands, Carlsberg.
- The Joint Venture will offer an enviable portfolio of international, national and regional beer brands, with Marston's, a leading brewer of premium cask and packaged ales, and Carlsberg, famous for iconic lager and world beer brands.
- Marston's will provide a strong portfolio of premium cask and packaged ales, including Hobgoblin, Wainwright, Marston's Pedigree and 61 Deep. Marston's also operates a number of brands under license or distribution agreements with global brand owners such as Estrella Damm, Erdinger, Shipyard and Kirin.
- Carlsberg UK brands include Carlsberg Danish Pilsner, Carlsberg Expørt, Poretti, Tetley's, Somersby cider and the London Fields Brewery craft portfolio, brewed in Hackney, London. It also holds the brand licenses for San Miguel, Mahou and the Brooklyn Brewery craft beer portfolio in the UK.
- Marston's strong local provenance and brand positioning combined with Carlsberg's scale and reach will create a compelling joint platform.
- The strength and range of the brand portfolio will provide more flexibility and resources for brand-building initiatives and increased levels of innovation in products and packaging.
- An important focus of the Joint Venture will be the further enhancement of the Carlsberg brand within the UK beer category.

### ***Continued dedication to service excellence and customer experience***

- The Joint Venture will build on Marston's and Carlsberg UK's outstanding customer service offerings to develop a best in class customer experience.
- Combining this customer experience with a best in class brand portfolio is expected to drive future growth.

### ***Greater scale with the ability to further invest in growth and drive product innovation***

The Joint Venture will benefit from leading scale, particularly in the areas of distribution, operational and logistics capabilities and the capacity to invest in further growth.

- Increased distribution scale
  - The Joint Venture combines the complementary distribution capabilities of the respective businesses with Marston's strength in on-trade and Carlsberg UK's presence in both off-trade and on-trade.
  - Currently, Marston's distributes to c.11,000 customers directly including the independent free trade, other pub companies, the off-trade and export.
  - Carlsberg UK lager brands have significant distribution across off-trade including grocers, discounters and impulse, convenience and independent on-trade as well as on-trade chains.
  - Marston's believes that there is an opportunity to benefit from the combined distribution network, with the Joint Venture providing increased scale and operating efficiencies.
- Increased brewing capacity and efficiency across its brewery and logistics network
  - Marston's and Carlsberg UK have both made significant investments in improving their brewing efficiencies over recent years. Carlsberg UK has invested £30 million in production over the last three years; whilst Marston's invested in a new canning line in 2018 opening up more sales opportunities in addition to bottling.

- The Joint Venture will benefit from both Joint Venture partners' strong brewing heritage and logistics capability, brewing and packaging facilities, logistics capabilities and marketing expertise.
- By leveraging the combined brewery network and complementary strengths of the two businesses, the Joint Venture will be able to leverage and further improve production and financial efficiencies.

### ***Significant value creation through synergies and productivity improvements in the JV<sup>7</sup>***

- The Transaction is expected to result in reported annual Joint Venture cost synergies of around £24 million to come from overhead costs, brewery and logistics efficiencies and procurement savings, expected by the end of the third year following Completion.
- The Joint Venture is also expected to generate material additional annual revenue synergies through stronger distribution and improved product mix.
- The one-off cost of achieving these synergies is expected to amount to approximately £32 million.
- The Transaction will be earnings enhancing in the second year post Completion and would have been earnings enhancing in the first year excluding exceptional costs incurred by the Joint Venture.

### ***Realises value and provides greater financial flexibility***

- The Transaction ascribes a value of up to £580 million to Marston's Brewing Business, representing 13.0x adj. 2019 EBITDA of Marston's Brewing Business<sup>8</sup>.
- The Transaction terms allow Marston's to realise a significant sum of this value through the up to £273 million Equalisation Payment and the acquisition of 40 per cent of the ordinary shares and voting rights of the Joint Venture.
- The Equalisation Payment will allow Marston's to deliver on its debt reduction target whilst providing financial flexibility. Entry into the Supply Agreement will maintain continuity of supply of Marston's leading portfolio of craft ale and lager brands to its own pubs.
- The Transaction is expected to be broadly net operational cashflow neutral taking in to account Marston's share of CMBC dividends.<sup>9</sup>

### **Key terms of the Transaction**

#### ***Financial***

- On Completion, the Joint Venture will acquire Marston's Brewing Business for up to £580 million, of which Marston's Brewing Business will use £312 million to subscribe for a 40 per cent shareholding in the Joint Venture, meaning that Marston's will receive gross proceeds of up to £273 million in cash as the balance in the form of an Equalisation Payment (which is subject to the "normalised" working capital and debt free / cash free adjustments referred to above, £5 million of other adjustments and the deferred contingent payment set out below).
- Of the up to £273 million Equalisation Payment, £34 million will be deferred 12 months from Completion with the amount payable being contingent on the extent of the share price

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<sup>7</sup> The below analysis of synergy potential is based on a provisional plan that is subject to further investigation and review. Figures are provisional and also subject to further analysis. No proposals or plans relating to the employees of the proposed joint venture can be or have been decided upon, adopted or implemented

<sup>8</sup> Adjusted standalone run-rate EBITDA of £44.6 million for Marston's Brewing Business

<sup>9</sup> Not taking in to account the use of proceeds and reduction of debt

recovery of a pre-agreed basket of companies to pre-COVID-19 levels (A.G. BARR PLC, Britvic PLC, C&C Group PLC, Mitchells & Butlers PLC and Marston's PLC).

- The deferred contingent payment will be calculated on a linear basis based on the extent to which the 3-month VWAP (volume-weighted average price) of a pre-agreed basket of companies recovers (or not) between the date of Completion and the date that is 12-months after Completion. The recovery of the pre-agreed basket of companies will be benchmarked against the share price performance of those companies between (2<sup>nd</sup> March 2020 and 15<sup>th</sup> May 2020). If the recovery of the pre-agreed basket of companies is equal to or exceeds the benchmark reduction, then the full amount of the deferred contingent payment will be payable.
- Carlsberg UK will contribute its UK brewing assets, valued at £200 million (on a debt free / cash free basis and subject to adjustment for "normalised" working capital) to the Joint Venture, representing 9.5x adj. 2019 EBITDA<sup>10</sup>.

### ***CMBC Governance and Management***

- Day to day management of the Joint Venture will be delegated by the board of the Joint Venture to executive management subject to appropriate reserved matters for the Board and the shareholders.
- The Joint Venture will draw on the expertise and experience of the two organisations to lead and operate the business.
- Marston's and Carlsberg UK will each have two and three representatives respectively on the Board of Directors of the Joint Venture. Ralph Findlay, CEO of Marston's, will serve as Non-executive Chairman of the Joint Venture. Tomasz Blawat, current Managing Director of Carlsberg UK, will be the CEO of the Joint Venture. Richard Westwood, current Managing Director of Marston's Brewing Business, will be appointed Chief Operating Officer, Integration (COOI).
- CMBC will have multiple sites across the country and is intended to be headquartered in Wolverhampton.

### ***Completion and Timing***

- The size of the Transaction means that it is classified as a Class 1 transaction under the Listing Rules. Accordingly, the Transaction is conditional upon the approval of Marston's shareholders at a General Meeting.
- If Marston's shareholders do not approve the Transaction at the General Meeting, then Marston's must compensate Carlsberg UK for its reasonable transaction costs subject to a cap of c.£2 million (1 per cent of Marston's market capitalisation as at the date of signing).
- The Transaction is also conditional (amongst other matters) on clearance by the relevant competition authorities.
- Completion is expected to occur in Q3 of this calendar year.

### ***Dividend and Leverage Policy***

- The Joint Venture will have a dividend policy the aim of which will be to distribute, annually, at least an amount equal to 90 per cent of the Joint Venture's free cash flow to equity (subject to applicable law and the ability of the directors to adjust dividend payments in the ordinary course).

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<sup>10</sup> Adjusted standalone run-rate EBITDA of £21.1 million for Carlsberg UK



- In the period to 31 December 2022, up to £20 million of restructuring costs will be excluded from the calculation of free cash flow to equity in order to support the dividend payment to both shareholders.
- CMBC's operational gross debt may not be incurred above 2x EBITDA without Marston's consent, except for in limited circumstances (including to support a dividend to Marston's where there has been expenditure outside the business plan).

### ***Business Plan, Deadlock and Exit***

- Business plans will be agreed between Marston's and Carlsberg UK on a five-yearly basis. The business plan for the initial five years from Completion has been agreed between Marston's and Carlsberg UK.
- There are customary escalation mechanisms in the event of deadlock involving escalation to senior representatives of the parties. If the matter is not resolved following escalation then it will not proceed, subject to the exit rights set out below.
- In the event that a new business plan for year 10 and following cannot be agreed between the parties, then Marston's can notify Carlsberg UK of its desire to exit. If a price cannot be agreed for Carlsberg UK to acquire Marston's share in the Joint Venture, then Marston's will have the right to sell its stake to a third party or initiate an initial public offering of the Joint Venture within specified time periods. This ability to exit is subject to a Carlsberg UK call option over Marston's share in the Joint Venture.
- Approval of the other party is required for any transfers of interests in the Joint Venture to third parties.
- There are additional exit rights which apply in respect of certain trigger events. These include: (i) a Carlsberg UK call option in the event of a change of control, insolvency, material breach of the Supply Agreement, a sale of more than half of Marston's existing pub estate (a "Major Disposal") or default by Marston's; (ii) a Marston's put option in the event of change of control or default by Carlsberg UK; and (iii) a Marston's call option in the event of Carlsberg UK insolvency.
- The option exit multiple will be 8.3x to 9.0x LTM EBITDA, depending on the extent to which the requirements for the contingent deferred payment were satisfied following Completion.
- In the event of Marston's insolvency, a material breach of the Supply Agreement or a Major Disposal, a £50 million discount will be applied to the above multiple.
- Marston's has agreed to grant security over its shares in the Joint Venture to support Marston's liabilities in respect of certain trigger events under the SHA and will be seeking the consent of its lenders to do so.

### ***Pensions***

- Carlsberg UK's defined benefit pension scheme, the Carlsberg UK Limited Pension Scheme, will be included within the Joint Venture perimeter.
- Under the transaction documents Carlsberg is required to fund all contributions to the Carlsberg UK Limited Pension Scheme and to indemnify Marston's and the Joint Venture against any amount required to be paid to the scheme.
- Accordingly the existence of the scheme in the Joint Venture perimeter is expected to be cash flow neutral to Marston's as investee.

**Marston's ongoing strategy**

Marston's will continue with its stated strategy to reduce its indebtedness, deliver sustainable growth and maximise return on capital for shareholders. The up to £273 million Equalisation Payment will allow Marston's to further deliver on its debt reduction target, materially reducing debt outside the securitisation and providing additional financial flexibility. The Marston's management team remains focused on maintaining a balanced pub portfolio with a well invested estate and on operating its high quality, predominantly freehold, pub and accommodation business offering great places to drink, eat and stay.

## **IMPORTANT NOTICE**

No statement in this announcement is intended as a profit forecast and no statement in this announcement should be interpreted to mean that the future earnings per share, profits, margins or cash flows of Marston's following the Transaction will necessarily match or be greater than the historical published earnings per share, profits, margins or cash flows of Marston's PLC.

Except for adjusted EBITDA, the financial information of the Carlsberg UK Brewing Business presented in this announcement has been prepared by aggregating the results and balances of the legal entities that are contained within the Carlsberg UK Brewing Business with allocated transactions and balances present in wider Carlsberg A/S group entities, where such transactions and balances relate to Carlsberg UK operations. This financial information has been prepared in accordance with IFRS and the provisions of the Annexure to SIR 2000 (Standards for Investment Reporting 2000: Investment reporting standards applicable to public reporting engagements on historical financial information) as it relates to the preparation of combined financial information, and by applying accounting policies consistent with those used by Marston's plc in its last annual financial statements for the 52 weeks ended 28 September 2019, except for the valuation freehold and leasehold properties which are initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairment loss.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Marston's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Marston's business, results of operations, financial position, liquidity, prospects, growth, strategies, integration of the business organisations and achievement of anticipated combination benefits in a timely manner. Forward-looking statements speak only as of the date they are made.

You are advised to read this announcement and any Circular (if and when published) in their entirety for a further discussion of the factors that could affect Marston's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

This announcement does not constitute and should not be construed as, an offer to purchase or sell or issue securities, or otherwise constitute an inducement, invitation, commitment, solicitation or recommendation to any person to purchase, subscribe for, or otherwise acquire securities in Marston's, Carlsberg UK or any of their respective affiliates, or constitute an inducement to enter into any investment activity in any jurisdiction. Nothing contained in this announcement is intended to, nor shall it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever and, in particular, must not be used in making any investment decision.

Certain data in this announcement, including financial information, has been rounded. As a result of the rounding, the totals of data presented in this announcement may vary slightly from the actual arithmetic totals of such data.

Neither the content of Marston's website (or any other website) nor any website accessible by hyperlinks on Marston's website (or any other website) is incorporated in, or forms part of, this announcement.

Save as required by the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules, the Listing Rules or by applicable law, each of Marston's, J.P. Morgan Cazenove, Numis, Carlsberg UK and their respective affiliates expressly disclaims any intention, obligation or undertaking to update, review or revise any of the information or the conclusions contained herein, including forward looking or other statements contained in this announcement, or to correct any inaccuracies which may become apparent whether as a result of new information, future developments or otherwise.

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Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, J.P. Morgan Cazenove accepts no responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf and nothing contained in this announcement is, or shall be, relied on as a promise or representation in this respect, whether as to the past or the future, in connection with Marston's or the Transaction. J.P. Morgan Cazenove and its respective subsidiaries, branches and affiliates accordingly disclaim, to the fullest extent permitted by law, all and any duty, liability and responsibility whether arising in tort, contract or otherwise (save as referred to above) in respect of this announcement or any such statement or otherwise.

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