28th July 2008

MARSTON'S PLC ('Marston's')

INTERIM MANAGEMENT STATEMENT
43 weeks to 26 July 2008

Trading

Our performance has continued to be resilient although trading conditions have been difficult for the industry. Trends reported in our Interim Results for the 26 weeks ended 29 March 2008 have continued into the second half-year, including the impact of the smoking bans in England and Wales, higher costs and weakening consumer confidence. Food sales have continued to increase, but with reduced sales from drinks and gaming machines.

Group turnover was approximately 2% ahead of last year for the 43 week period.

In Marston's Inns & Taverns, our managed pub division, like-for-like sales for the 43 week period were 0.6% below last year against strong comparatives (2007: 4.3% increase). This includes relatively weaker sales in April 2008 reflecting exceptionally good weather in April 2007. More recently, in the 13 weeks to 26 July 2008 like-for-like sales were 0.5% ahead of last year.

In Marston's Pub Company, our tenanted and leased pub division, like-for-like profit was approximately 1.2% below last year in the 43 week period with growth in rental income offset by weak volumes and machine income in line with market trends. The average quality of the estate continues to improve, including the benefit of transferring 47 smaller managed houses in April 2008 and the disposal of 18 tenanted pubs in the year to date. We are providing more support to retailers where appropriate, and anticipate that this will cost up to £2 million in the current financial year. We believe that our consistent policy of achieving a sustainable rent for each pub is contributing to our resilient performance.

The beer market has been impacted by the introduction of smoking bans in England and Wales which has accelerated long-term trends. In Marston's Beer Company, although volumes of our own brands remain below last year, we have increased our market share overall and achieved good growth in premium ale. Refresh, acquired in April 2008, which includes the Wychwood brewery in Oxfordshire, has performed well and in line with our expectations.

The changes in sales mix described above continue to have an impact on operating margins. Notwithstanding these changes, and despite significant cost increases relating in particular to brewing raw materials, food supplies and utilities, costs across the Group have been well controlled.

Financing and cash flow

The business generates strong operating cashflow and has a balance sheet supported by a substantially freehold pub estate. The financing structure of the Group is based principally upon long term secured debt, which is virtually all at fixed rates of interest. We have no further refinancing requirements until August 2010 when our banking facility is due to be renewed. As at 26 July 2008 available headroom under this facility was approximately £160 million.

Capital expenditure this year is expected to be around £115 million. In 2009 we expect to reduce capital expenditure to around £65 million, with fewer pub openings in new housing developments anticipated as a consequence of significantly reduced investment by house-builders.

Real Estate Investment Trust

As previously reported, we continue to review the potential for realising greater shareholder value by restructuring as a Real Estate Investment Trust ('REITs'). In addition to feasibility, key structural considerations include our continuing strategic preference for freehold ownership of pubs and the vertically integrated business model, both of which provide greater operational flexibility and have produced significant benefits to shareholders over a long period of time.

We will continue to update shareholders on our progress.

Board Responsibilities

Since the Group was divisionalised in 2001 we have benefited from continuity of management. The executive directors have a wide range of commercial experience obtained both from within the Group and from other businesses, and the Board believes that the development of senior managers in different parts of the Group has contributed to the growth of the business in recent years.

With immediate effect the roles of Alistair Darby, Managing Director of Marston’s Beer Company, and Stephen Oliver, Managing Director of Marston’s Pub Company, are to be exchanged. Alistair joined the Group in 1997 from United Distillers (now part of Diageo PLC) and has had senior operational experience in both the tenanted and managed pub divisions, before being appointed to the Board in 2003. Stephen was appointed to the Board in 2001, having previously held a senior marketing role at Scottish & Newcastle PLC before joining Marston’s in 1995.

Outlook

Although we remain cautious about the outlook for 2008 as we have not seen any sustained improvement in the trading environment in the second half-year to date, and the market remains difficult, we are confident in the resilience of our business model, strong balance sheet and robust financing structure. Our value for money offers and mid-market position continue to remain appropriate for the current economic climate. We anticipate that our results for the financial year as a whole will be broadly in line with our expectations.

Ralph Findlay, Chief Executive, commented as follows:

"Although the market is difficult, and we do not expect any improvement in the economy in the short term, we are still seeing growth in eating out in Marston’s pubs despite the squeeze on discretionary expenditure and weaker confidence. We are also experiencing volume growth in the excellent range of Marston’s premium ales. Cost inflation remains a significant challenge, but we are controlling our costs well and are taking appropriate actions to offset some of the increases in the costs of brewing raw materials, food supplies and utilities. We are relatively well positioned as a result of sustained investment in our food offers, the improvements in our range of beers and premium brands, and our freehold pub estate."

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