

FOR IMMEDIATE RELEASE
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Moss Bros Group PLC
("Moss Bros" or the "Company")

Proposed Disposal of the Hugo Boss Franchised Businesses
and
Trading Update

Moss Bros, the UK's number 1 branded suit specialist, today announces its intention to dispose of its 15 Hugo Boss franchised stores to Hugo Boss UK Limited (the "Purchaser"), for a cash consideration of £16.5 million. The Purchaser will acquire the business and assets of these stores as a going concern and completion of the Disposal ("Completion") will take place on 1 April 2011, subject to the approval of the Company's Shareholders.

Highlights

- Cash consideration of £16.5 million, £4.2 million of which will be payable to Moss Bros in cash on Completion, with the remaining £12.3 million being deferred and payable to Moss Bros in instalments upon the transfer of the Leases of each of the Hugo Boss Franchised Stores, expected to take place by the end of December 2011
- The transaction is integral to Moss Bros' recently developed strategy to focus growth and resources on the Company's own brands
- The Disposal will enable Moss Bros to significantly accelerate this strategy as the cash proceeds of the Disposal will provide funding for the redevelopment of Moss branded stores, investment in the service experience, piloting and an appropriate roll out of new initiatives such as Moss Bespoke and the development of a customer relationship management system to leverage the value of the hire business
- The Disposal will give the Company increased financial flexibility and allow a much simpler business model to be developed
- The cash generated pursuant to the Disposal will provide the Company with sufficient working capital such that it will not need to renew its current banking facilities and will operate debt-free
- The strong relationship with the Purchaser will continue, as Moss Bros will continue to sell Hugo Boss branded clothing through its Moss and Cecil Gee fascias
- Completion of the Disposal is conditional upon Shareholder approval at a General Meeting expected to be held by the end of February 2011
- Moss Bros confirms that it continued to trade well during the important Christmas trading period, and total sales and margins continue with a positive like-for-like trend. Like-for-like sales were up 7.0% for the 26 weeks to 29 January 2011, and up 9.1% for the 52 weeks to 29 January 2011. Gross margin also continues to perform well. The Board remains confident of the outturn for the full year

Commenting on the Disposal, Brian Brick, Chief Executive Officer of Moss Bros, said:

"This is a transformational deal for Moss Bros and absolutely in line with our recently developed strategy of focusing on growing our own brands. Having restored the quality of the product offering of the core Moss Bros business and established a strong momentum in positive like-for-like sales, this transaction will give us the opportunity to focus exclusively on investing and developing the brands which we own, from a position of operational and

financial strength. There is significant untapped potential in our position as the UK's number 1 branded suit specialist, with our unique offering of hire, strength in retail and innovation in new areas such as Moss Bespoke.

"Although we are ever mindful of the fragile trading conditions in the UK, we have a great product offering, a focused business model and, following the Disposal, will have the financial flexibility to leverage the attractive niche which we have as the UK's number 1 branded suit specialist."

Commenting on the transaction, Claus-Dietrich Lahrs, CEO and Chairman of the Managing Board at Hugo Boss AG, the parent company of the Purchaser, said:

"This transaction works well for both of our companies. The acquisition is a central component of our global growth strategy and at the same time allows Moss Bros to focus its investment on its own brands."

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This summary should be read in conjunction with the full text of the following announcement.

Altium Capital Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Moss Bros Group PLC and for no one else in relation to the Disposal and is not advising any other person and accordingly will not be responsible to anyone other than Moss Bros Group PLC for providing the protections afforded to the customers of Altium Capital Limited or for providing advice in relation to the Disposal or any other matter referred to herein.

Hawkpoint Partners Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Moss Bros Group PLC and for no one else in relation to the Disposal and is not advising any other person and accordingly will not be responsible to anyone other than Moss Bros Group PLC for providing the protections afforded to the customers of Hawkpoint Partners Limited or for providing advice in relation to the Disposal or any other matter referred to herein.

Moss Bros Group PLC

Proposed Disposal of the Hugo Boss Franchised Businesses

Introduction

Moss Bros, the UK's number 1 branded suit specialist, which retails and hires men's clothing through 155 UK and Ireland based retail stores and online, has entered into a conditional sale and purchase agreement with Hugo Boss UK Limited relating to the proposed disposal of the Hugo Boss Franchised Businesses, for a cash consideration of £16.5 million.

The Disposal is conditional upon approval by Moss Bros' Shareholders and a circular containing a notice convening a General Meeting at which a resolution to approve the Disposal will be proposed will be issued to Shareholders as soon as practicable.

Background to and reasons for the Disposal

In recent months the Company has undertaken a strategic review, aimed at developing a strategic plan to restore the Company's growth and profitability. It has determined and is successfully pursuing a strategy which focuses on building the Company's core Moss brand and which specifically leverages the value inherent in the Company's Moss Bros hire activity. The development of our product offering, the creation of a new store environment, the extension of our online activity and innovation in areas such as Moss Bespoke all form a core part of that strategy, as does a streamlining of the Company's activities to simplify the business and reduce operating costs.

As part of the strategic review, the Company has been exploring its options concerning its franchising activities, with a view to simplifying the business and focusing in the future on the store fascias and product brands that the Company owns.

The Company has operated a number of Hugo Boss franchised stores in the UK under franchise agreements with Hugo Boss AG since 1995. During this period the Company has operated the Hugo Boss Franchised Stores successfully and continues to enjoy a strong relationship with the Purchaser. The Company recently entered into discussions with the Purchaser to explore the possibility of selling the Hugo Boss Franchised Businesses, such that they would come under the Purchaser's direct ownership, and for the Company to receive a cash consideration for these businesses, which the Company could use to invest in its own brands.

The Directors unanimously believe that this transaction will allow the Company to significantly accelerate its chosen strategy by focusing exclusively on the rebuilding of the Moss brand, and that the cash proceeds of the Disposal will provide funding for the redevelopment of Moss branded stores, the roll out of new initiatives such as Moss Bespoke following rigorous piloting and the development of a customer relationship management system, all from a debt-free position. Furthermore, the Disposal will give the Company increased financial flexibility and allow a much simpler business model to be developed.

For the reasons above, the Board considers the Disposal to be fundamental to the strategic development of the Group.

The wholesale relationship with the Purchaser will continue, as Moss Bros will continue to stock Hugo Boss branded clothing in selected Moss and Cecil Gee stores.

Information on the Hugo Boss Franchised Businesses

The Hugo Boss Franchised Businesses comprise 15 Hugo Boss branded retail stores in the UK, currently operated by the Company under Franchise Agreements with Hugo Boss AG.

The Hugo Boss Franchised Businesses had operating profits of £0.7 million (after exceptional impairment of £1.1 million) for the year ended 30 January 2010 and operating profits of £0.4

million for the six months ended 31 July 2010. As at 31 July 2010, the Hugo Boss Franchised Businesses had total assets of £9.8 million. This information has been extracted from the consolidation schedules which underlie the audited consolidated financial statements of Moss Bros Group PLC for the year ended 30 January 2010 and the unaudited half yearly financial report of Moss Bros Group PLC for the six months ended 31 July 2010.

Principal Terms of the Disposal

The Purchaser will acquire the business and assets of the Hugo Boss Franchised Businesses as a going concern, including the leases, stock and fixtures and fittings associated with the Hugo Boss Franchised Stores. In addition, all the employees who currently work in the Hugo Boss Franchised Stores and nine employees who currently work at the Company's head office will be transferred to the Purchaser.

Completion of the Disposal will, subject to the passing of the Resolutions, take place on 1 April 2011. From that date, the Purchaser will occupy the Hugo Boss Franchised Stores and operate the Hugo Boss Franchised Businesses.

The consideration payable by the Purchaser to the Company is £16.5 million (subject to subsequent adjustment to reflect the amount by which the transferred stock is more or less than £4.2 million), payable in cash on Completion (subject as set out below).

The 15 stores which comprise the Hugo Boss Franchised Businesses are held by the Company under Leases, the transfer of which require (as is standard) the consent of the superior landlords. Whilst the Company is confident that all of these consents will be obtained they may not all have been obtained by 1 April 2011. Accordingly, the Sale and Purchase Agreement contains provisions which provide for an amount of the consideration in respect of the stores the subject of any such Leases (being a maximum aggregate amount of £12.3 million) to be put in escrow and deferred and paid in instalments, along with interest, in the period from 1 April 2011 to the date of transfer of the Lease in question. In addition, if landlord's consent to the transfer of any Lease has not been obtained by 31 December 2011, the Sale and Purchase Agreement provides that the Purchaser may vacate the store in question in which case its operation (and the associated Franchise Agreement) will revert to the Company and no further consideration will be payable to the Company in respect of that store. In these circumstances the Company will be obliged to pay £25,000 per store in respect of the Purchaser's costs of vacation. As these payments could, in aggregate, exceed one per cent. of the Company's market capitalisation, the Listing Rules require these payments to be approved by Shareholders at the General Meeting.

Effect of the Disposal and use of Disposal proceeds

The Company currently has obligations under its Franchise Agreements with Hugo Boss AG to meet certain minimum capital investment standards for the Hugo Boss Franchised Stores in its estate and is also required to commit to sales-related marketing spend in relation to these businesses. If the Disposal does not complete or is significantly delayed, the Company will be required to continue to fulfil its obligations to the Purchaser in relation to the Hugo Boss Franchised Stores. Following the Disposal, the Board expects that the removal of these commitments will provide greater flexibility and focus for the Company's future investment programme on its wholly owned Moss branded activities.

The Company's current £5 million revolving business loan agreement with Lloyds TSB Bank plc expires on 31 May 2011. The cash generated pursuant to the Disposal will provide the Company with sufficient working capital such that it will not need to renew the current facilities and will operate debt-free. However, if the Disposal does not complete or is significantly delayed, the Directors expect that the Company will continue to require access to similar banking facilities in the future. The Company does not currently anticipate difficulties in renewing the existing facility or replacing it with similar facilities, and has had preliminary discussions with regard to a possible extension or renewal of its facilities on a similar basis to its current banking arrangements.

The Board intends that the net proceeds received from the Disposal will be reinvested in the Company's core business and its estate of Moss Bros branded retail stores. This proposed

investment programme will allow the Company to further invest in the look and product mix of its stores, an appropriate roll out of Moss Bespoke after rigorous piloting and to invest in the Company's online service offering and customer relationship management capability. A portion of the net proceeds will also be made available to provide improved flexibility for the Company's working capital and stock purchasing requirements, including hire stock.

In addition to the investment of the net proceeds from the Disposal, the Board expects that the Company will benefit from a renewed focus on its core Moss Bros branded stores without the need to continue to dedicate management time and other resources to the Hugo Boss Franchised Stores.

Under the existing Franchise Agreement in relation to certain Hugo Boss Franchised Stores operated by the Company, the Franchise Agreement would (in the absence of the Disposal) terminate prior to the expiry of the Leases for those stores. Under the terms of the Disposal, these Leases will be transferred or assigned to the Purchaser, therefore removing any potential onerous lease obligations on the Company. However, as is standard practice on the assignment of commercial leases, the landlords may require the Company to guarantee the performance by the Purchaser of the Lease covenants. The Company will receive the benefit of an indemnity from the Purchaser against liabilities arising under the assigned Leases and, in addition, Hugo Boss AG, the ultimate parent company of the Purchaser, will if required give a guarantee to the landlords against liabilities arising under the assigned Leases.

Following the transfer of the Hugo Boss Franchised Stores to the Purchaser, the Continuing Group will no longer benefit from the revenues or profits of the Hugo Boss Franchised Businesses, to the extent any are made.

Current Trading

In spite of the poor weather conditions which impacted high street retailers leading up to and during the important Christmas trading period, Moss Bros continued to trade well and total sales continue with a positive like-for-like trend. Like-for-like sales were up 7.0% for the 26 weeks to 29 January 2011, and up 9.1% for the 52 weeks to 29 January 2011. Gross margin also continues to perform well and the business is starting to see the benefits of the cost review actions taken in the third quarter coming through. The Board remains confident of the outturn for the full year.

The Company expects to announce its preliminary results for the year ending 31 January 2011 on 30 March 2011.

General Meeting

Completion of the Disposal is conditional upon Shareholder approval at a General Meeting expected to be held by the end of February 2011. A circular containing a notice convening the General Meeting will be issued to Shareholders as soon as practicable.

DEFINITIONS

The following definitions apply throughout this announcement unless the context otherwise requires:

"Company" or "Moss Bros"	Moss Bros Group PLC
"Completion"	the completion of the Disposal in accordance with the terms of the Sale and Purchase Agreement
"Continuing Group"	the Group following the disposal of the Hugo Boss Franchised Businesses

"Directors" or "Board"	the directors of the Company as at the date of this announcement
"Disposal"	the sale of the Hugo Boss Franchised Businesses to the Purchaser on the terms of the Sale and Purchase Agreement
"Financial Services Authority" or "FSA"	the Financial Services Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of admission to the Official List otherwise than in accordance with Part VI of FSMA
"Franchise Agreements"	the franchise agreements entered into between the Company and Hugo Boss AG relating to the Hugo Boss Franchised Businesses
"FSMA"	the Financial Services and Markets Act 2000 of England and Wales, as amended
"General Meeting"	the General Meeting of the Company to be convened for the purpose of approving the Disposal
"Group"	the Company and its existing subsidiary undertakings
"Hugo Boss Franchised Businesses"	the business, assets, leases and employees of the Hugo Boss Franchised Stores, which retail Hugo Boss branded menswear
"Hugo Boss Franchised Stores"	the 15 branded retail stores in the UK, currently operated by the Company under the Franchise Agreements, forming part of the Hugo Boss Franchised Businesses
"Lease" or "Leases"	the leases entered into between the Company and the landlords relating to the leasehold properties relating to each Hugo Boss Franchised Store and forming part of the Hugo Boss Franchised Businesses
"Listing Rules"	the listing rules made by the FSA under Part VI of FSMA (as amended from time to time)
"Moss Bespoke"	the brand under which the Company provides customised menswear tailoring services
"Official List"	the Official List of the Financial Services Authority
"Shares"	ordinary shares of 5 pence each in the capital of the Company
"Purchaser"	Hugo Boss UK Limited
"Resolutions"	the resolutions set out in the notice of the General Meeting
"Sale and Purchase Agreement"	the conditional agreement between the Company and the Purchaser dated 4 February 2011 relating to the sale and purchase of the Hugo Boss Franchised Businesses

"Shareholder(s)"

holder(s) of Shares

"UK" or "United Kingdom"

the United Kingdom of Great Britain and Northern
Ireland