

Punch

T A V E R N S

Appendices

Acquisitions and Disposals

Package Transaction	Timing	No of Pubs	Value
Acquisition of Avebury Holdings	Aug 05	409 leased	£219m
Sale to Admiral Taverns	Sept 05	45 leased	£15m
Sale to Admiral Taverns	Dec 05	203 leased	£40m
Acquisition of Spirit Group	Jan 06	1,830 managed	£2,679m
Sale to Petchey Group	Jan 06	205 leased	£98m
Sale to G1 Group	Feb 06	39 leased	£5m
Sale to Orchid (GI Partners)	June 06	290 managed	£571m
Acquisition of Mill House Inns	Sept 06	82 managed	£164m

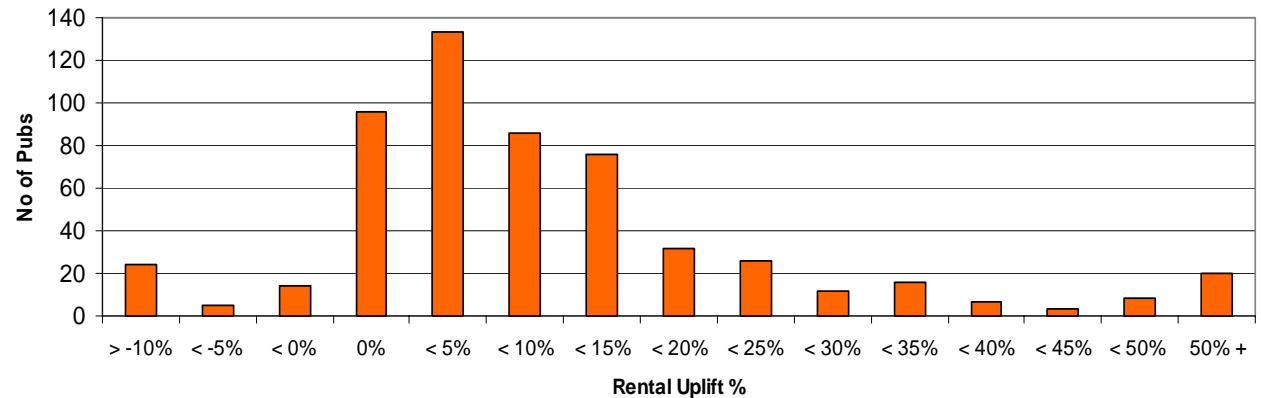
Leased Estate Profit Contribution

52 weeks to 19 August 2006	<u>Original</u>	<u>InnSpired</u>	<u>Avebury</u>	<u>Spirit</u>	<u>Total</u>	<u>growth</u>
Average Pub Numbers	7,074	465	395	11	7,945	2%
Revenue £m						
Beer	426.0	27.6	24.2	1.0	478.8	3%
Rent	190.9	10.7	10.0	0.5	212.1	8%
Machine income	26.3	1.2	2.0	0.1	29.6	5%
Other drinks	62.1	4.6	3.3	0.2	70.2	8%
GRS Inns	12.5				12.5	-23%
Total	717.8	44.1	39.5	1.8	803.3	4%
Gross Margin £m						
Beer	215.2	13.8	10.5	0.5	240.0	3%
Rent	190.6	10.7	10.0	0.5	211.8	8%
Machine income	26.3	1.2	2.0	0.1	29.6	5%
Other drinks	20.4	2.1	1.3	0.1	23.9	19%
GRS Inns	1.3				1.3	-49%
Total	453.8	27.8	23.8	1.2	506.6	5%
Costs	(63.8)	(3.5)	(3.5)	(0.1)	(70.9)	-6%
EBITDA	390.0	24.3	20.3	1.1	435.7	5%
Margin	54%	55%	51%		54%	
EBITDA per pub	£55k	£52k	£51k		£55k	

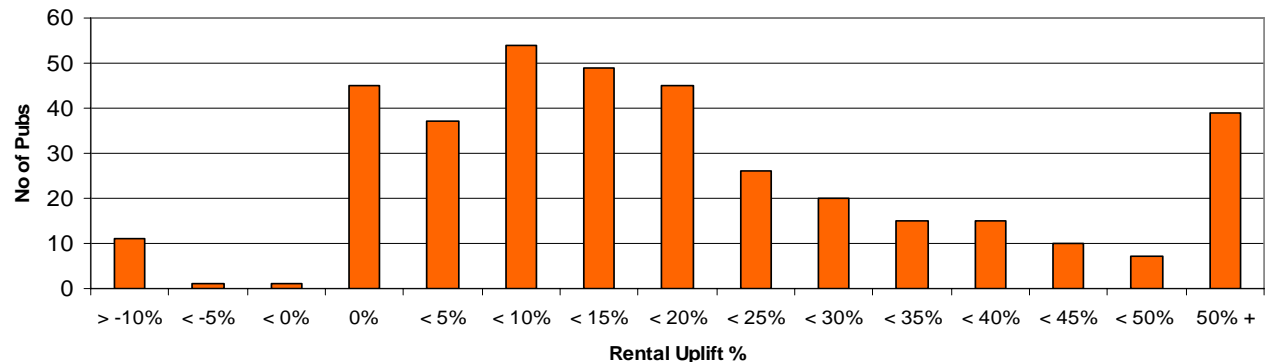
Agreeing Fair Maintainable Rents

- Rent is assessed on the estimated fair maintainable retail profit of the individual pub
- Rent is negotiated and agreed with the retailer
- There are a wide spread of uplifts achieved demonstrating this 'individual' pub approach
- In 2006, 558 rent reviews have been agreed at an average uplift of 8%. 375 new rents have been agreed on lease renewal at an average uplift of 19%.
- In exceptional difficulties, rent concessions are granted. At 19 August 2006 there were 181 concessions, with annualised rental value of £2.7m.

Completed Rent Reviews
2006- Rental uplift achieved



Completed Lease Renewals
2006- Rental uplift achieved



Closing Managed Estate Profit Contribution

£m	-----32 weeks-----						2006 * 52 weeks
	Core Estate	growth	Transition estate	growth	Closing Estate	growth	
Number of pubs	689		690		1379		1379
Drink	213.1	6.0%	160.1	1.5%	373.2	3.9%	592.1
Food	143.2	7.6%	35.4	-3.2%	178.6	5.2%	282.0
Machines	10.5	-5.1%	11.8	-10.6%	22.3	-8.2%	36.7
Other	11.3	-2.7%	2.6	-8.7%	13.9	-3.7%	21.3
Total Sales	378.1	6.0%	209.9	-0.2%	588.0	3.6%	932.1
Drink	161.9	6.2%	117.5	2.1%	279.4	4.3%	440.4
Food	94.4	9.2%	21.7	0.1%	116.1	7.4%	182.4
Machines	10.5	-5.1%	11.8	-10.6%	22.3	-8.2%	36.7
Other	11.3	-2.7%	2.6	-8.7%	13.9	-3.7%	21.3
Total Margin	278.1	6.4%	153.6	0.6%	431.7	4.2%	680.8
Labour Costs	(96.7)	-7.1%	(51.7)	-1.0%	(148.4)	-4.8%	(236.6)
Utilities	(10.8)	-30.0%	(7.4)	-26.3%	(18.2)	-28.4%	(27.3)
Other pub costs	(39.3)	-6.7%	(26.2)	2.1%	(65.5)	-2.9%	(111.6)
Rent Payable	(19.3)	-2.0%	(9.6)	-3.4%	(28.9)	-2.2%	(45.9)
Outlet EBITDA	112.0	4.6%	58.7	-1.6%	170.7	2.4%	259.4
Outlet EBITDA per pub							£188k

*Source: Spirit Group management accounts

Closing estate represents year end estate less 31 pubs contracted for sale at year end

Value Food Division

Number of Pubs	154
Sales pa	£161m
Outlet EBITDAR pa	£45m
Food % of Sales	54%
Covers per week	1850
Spend per head	£7.10



- **Vision** : Britain's 1st choice for fantastic value everyday meals.
- **Essence** : Warm and friendly food pubs serving good value quality meals.
- **Customers** : Even split of white and blue collar workers with high numbers of over 45 and 25-34 many of whom are female.
- **Customer Occasion** : Can't be bothered to cook.
- **Competitive Advantage** : Food quality and service that exceeds expectations for price paid.

Quality Food Division

Number of Pubs	136
Sales pa	£150m
Outlet EBITDAR pa	£45m
Food % of Sales	56.0%
Covers per week	1300
Spend per head	£10.90



- **Vision** : Exceptional, market leading pub food with service to match.
- **Essence** : High quality pub food, excellent service, cosy and relaxed atmosphere.
- **Customers** : Professional, management and white collar with high number of over 45s. Even split of male and female with many visiting once a month or more.
- **Customer Occasion** : Informal eating out with partner/friends.
- **Competitive Advantage** : Food quality, great service, clean and cared for pubs.

Quality Locals Division

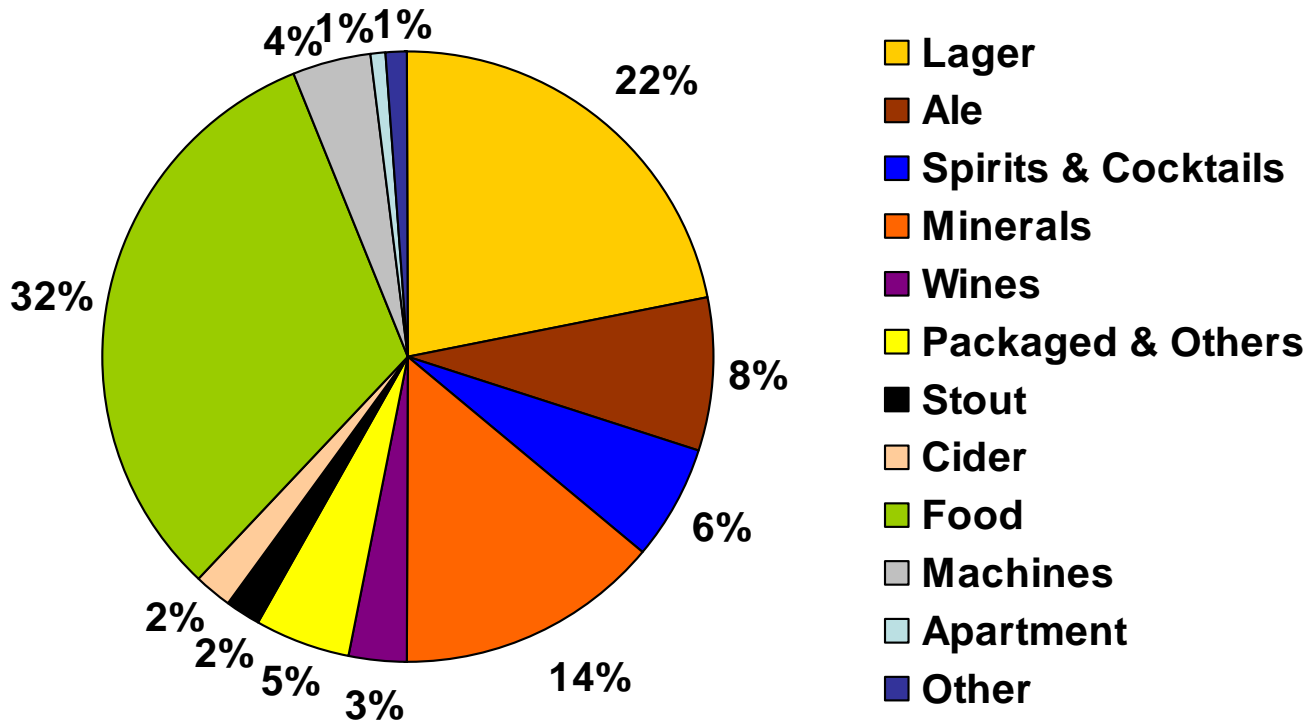
Number of Pubs	399
Sales pa	£284m
Outlet EBITDAR	£111m
Food % of Sales	19%
Covers per week	500
Spend per Head	£6.60



- **Vision** : A great local with a sense of belonging, identity and something to participate in.
- **Essence** : Authentic friendly pubs with great service, products & standards.
- **Customers** :
 London : Large numbers of professional and office workers many visiting once a week or more.
 Locals : Mid market appeal to white and blue collar workers many of whom are over 45 and visiting once a week or more.
- **Customer Occasion** : Friendly drink, food and participation.
- **Competitive Advantage** : The best people delivering the best ranges at great value for money.

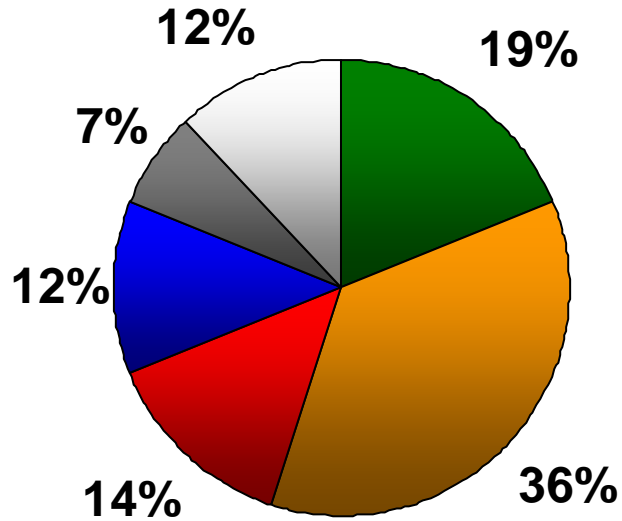
Spirit Sales Mix

Sales by Category (Full Year 2006)

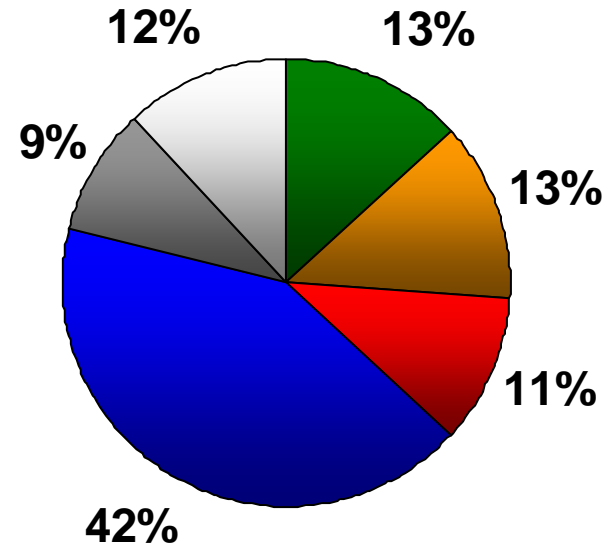


Beer Supply Mix

Punch Leasing



Spirit Managed



■ Carlsberg ■ Coors ■ InBev ■ S&N ■ Diageo ■ Others

Beer mix by supplier (Full Year 2006)

Illustrative Investment Considerations

HOW TO SPEND £100m FREE CASH

	incremental EBITDA	incremental PBT	EPS accretion (p)
Investment (25% return)	25	25	6.7
Acquisition - (£400m at 11% return)	44	26	7.0
Share buy back @ £10.00 per share			2.7
Repay debt at 7%		7	1.9

ACCELERATING “INFLATION +” GROWTH

	Year 1	Year 2	Growth
EBITDA	100	105	5%
Interest	(50)	(50)	
PBT	50	55	10%
EPS			10%

Example: Assume interest cover of 2x

GROWING SHAREHOLDER FUNDS

