

PUNCH TAVERNS PLC

("Punch" or "the Group")

Pre-Close Statement

Wednesday 3 September 2008

Punch Taverns completed its 53 week financial year on 23 August 2008 and expects to announce full year results on Tuesday, 4 November 2008.

TRADING

Our performance has continued broadly in line with management's expectations and we also remain confident of delivering full year earnings before exceptional items in line with market expectations, despite ongoing challenging trading conditions for the industry.

In the leased estate, which comprised 7,560 pubs as at 23 August 2008, like for like pub contribution is down 3.4% over the year to 23 August 2008, this compares to a decline of 3.4% reported for the 44 weeks to 21 June 2008.

The challenges which our industry and licensees are facing currently have been well documented. To help our licensees through this period, Punch has provided an increasing level of support through food expertise, promotional support, drinks discounts and rent concessions. Although the level of rent concessions has increased, to c.£6m, this represents less than 3% of rent roll and is reflected in the like for like figures above.

The managed estate comprised 864 pubs as at 23 August 2008. Like for like sales in the core managed estate declined by 3.3% over the year to 23 August 2008, this comparing to a decline of 3.6% reported for the 44 weeks to 21 June 2008.

FINANCING AND USE OF CASH FLOW

During the full year to 23 August 2008 Punch repaid £75m of debt from existing cash flows. Group cash flow continues to be strong and we remain confident of being able to extract cash from the securitisations following the year end. Our balance sheet also remains strong, noting we maintain c.£90m of freehold and long leasehold pubs outside of the securitisation structures.

Over the course of the year a number of considerations have led the Board to review the Group's use of the cash that it generates. In the current financing market environment, the Board considers it prudent to retain cash and further strengthen the balance sheet ahead of returning cash to shareholders through distributions. Firstly, although the Group has secure, long-term debt and no near-term requirement for funding, the Board believes the main priority for the use of cash is to support the repayment of the Group's convertible bonds in spite of the fact that this does not become due until December 2010. Secondly, whilst cash flows remain strong we are mindful of the ongoing challenging market conditions that impact both our licensees and our managed business. It is important that we continue to invest in our pubs alongside our licensees to ensure that we continue to further improve the quality of our pub estate.

As a consequence of the above considerations, the Board considers it prudent not to propose a final dividend for the year ended 23 August 2008. The Board will continue to review its use of cash and its distribution policy against its objective of maximising long-term shareholder value, based on the trading and financing environment at the time.

REIT

In our presentation to analysts on 7 July 2008 we advised that a clearance application had been submitted to HMRC for a structure which would allow Punch to elect to a REIT (Real Estate Investment Trust) regime whilst retaining all existing businesses. Clearance has now been received from HMRC for that structure.

As previously highlighted, conversion to a REIT status would involve material implementation costs and introduces a significantly increased dividend requirement which must be weighed up against the tax benefits. Whilst work progresses in assessing the reorganisation steps that would be required to allow conversion, in the current environment our main priorities are to maintain the strength of our balance sheet and to continue to invest in our business.

3 September 2008

ENQUIRIES:

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