

PUNCH TAVERNS PLC ("Punch" or "the Group")

Acquisition of Avebury Holdings Limited ("Avebury")

Introduction

Punch Taverns plc announces it has agreed to acquire the entire issued share capital of Avebury Holdings Limited.

The acquisition values Avebury at approximately £219 million including the assumption of approximately £120 million of external debt. The cash consideration for the acquisition is expected to be funded out of existing resources and proceeds from the forthcoming refinancing announced on 1 July 2005. The acquisition is expected to complete on 5 August 2005.

Information on Avebury

Avebury, a private company, operates a leased and tenanted pub estate of 409 pubs located throughout England and Wales. Over 95% of the estate is freehold or long leasehold and it primarily consists of "community" local pubs.

Avebury was formed in 1997 and has acquired over 900 tenanted and leased pubs over the last eight years, including portfolios from Bass, Whitbread, Scottish & Newcastle and Wolverhampton & Dudley Breweries.

With support from Vision Capital, an independent investment firm, Avebury underwent a management buyout in 2004 which prompted a strategic review of the business and churning of the estate, resulting in the current portfolio of high quality, cash generative pubs. In June 2005, 253 smaller, lower-yielding pubs were sold to Admiral Taverns and a further 32 pubs to Filmbridge Limited earlier this month.

As at April 2005, Avebury's unaudited balance sheet gross operating assets were £171 million. In the year to April 2005, Avebury generated unaudited house profit of £22.2 million (before central costs and overheads).

Effect and benefits of the acquisition

As at 5 March 2005, the Punch estate comprised 7,800 pubs located nationwide, and the Group has a clear strategy of expansion through a combination of organic growth and targeted acquisitions. This acquisition represents an attractive opportunity for the Group as the Avebury estate consists of high quality outlets which will complement Punch's existing estate and provide significant development opportunities. Furthermore, following integration, synergies are expected to be generated from purchasing benefits and other cost savings. The acquisition is expected to be earnings enhancing in the first full year of acquisition.

Consideration and financial effects

A wholly owned subsidiary of Punch is acquiring Avebury. The acquisition value of approximately £219 million includes the assumption of approximately £120 million of securitised bonds. In addition, Punch expects to acquire approximately £26 million of cash balances.

The cash consideration for the acquisition of approximately £125 million is expected to be funded by existing cash resources and proceeds from the forthcoming refinancing announced on 1 July 2005.

Current trading

The Group's pubs continue to see steady growth and are trading well and in line with management expectations.

Giles Thorley, Chief Executive of Punch Taverns plc, commented:

"The acquisition of Avebury is further evidence of Punch's ability to acquire attractive pub assets in a competitive market. Avebury is a natural fit with Punch's existing pub portfolio and brings further geographic spread and diversity from a high quality estate. Moreover, the acquisition brings with it additional synergy benefits for the enlarged group as well as an investment opportunity for the future. The Avebury estate will deliver good returns from the outset and has attractive potential for further growth."

18 July 2005

Punch will be hosting a conference call for analysts at 13.30 hours today. Please call Jamie Ramsay at College Hill on 020 7457 2048 for dial-in details. A brief presentation will be posted on the Punch website (punchtaverns.com) shortly before the conference call.

ENQUIRIES:

Punch Taverns plc

Giles Thorley, *Chief Executive*
Robert McDonald, *Finance Director*

Tel: 020 7868 8903

Citigroup Global Markets

David Wormsley
Anthony Gutman

Tel: 020 7986 4000

College Hill

Justine Warren
Matthew Smallwood

Tel: 020 7457 2020

Citigroup Global Markets Limited is authorised and regulated by the Financial Services Authority and is acting as financial adviser to Punch Taverns plc and for no one else in connection with the acquisition and will not be responsible to anyone other than Punch Taverns plc for providing the protections afforded to its clients or for giving advice in relation to the acquisition.