

Punch

T A V E R N S

Appendices

Leased Estate Profit Contribution

28 weeks to 3 March 2007 £m	<u>Original</u>	<u>growth</u>	<u>Conversions</u>	<u>Total</u>	<u>growth</u>
Average number of pubs	7,787	-3%	206	7,993	-1%
Revenue:					
Beer	247	-3%	13	260	2%
Rent	116	1%	7	123	7%
Machine income	16	-4%	1	17	4%
Other drinks	37	3%	3	40	11%
Total	416	-2%	24	440	4%
Gross margin					
Beer	127	-1%	7	134	5%
Rent	116	1%	7	123	7%
Machine income	16	-4%	1	17	4%
Other drinks	14	16%	1	15	23%
Total	273	1%	16	289	7%
Rent Payable	-2	14%	-1	-3	-25%
Other Costs	-36	-1%	-1	-37	-2%
EBITDA	235	1%	14	249	7%
<i>Margin</i>	<i>56%</i>		<i>57%</i>	<i>56%</i>	
<i>Annualised EBITDA per pub</i>	<i>£56k</i>	<i>5%</i>	<i>£126k</i>	<i>£58k</i>	<i>8%</i>

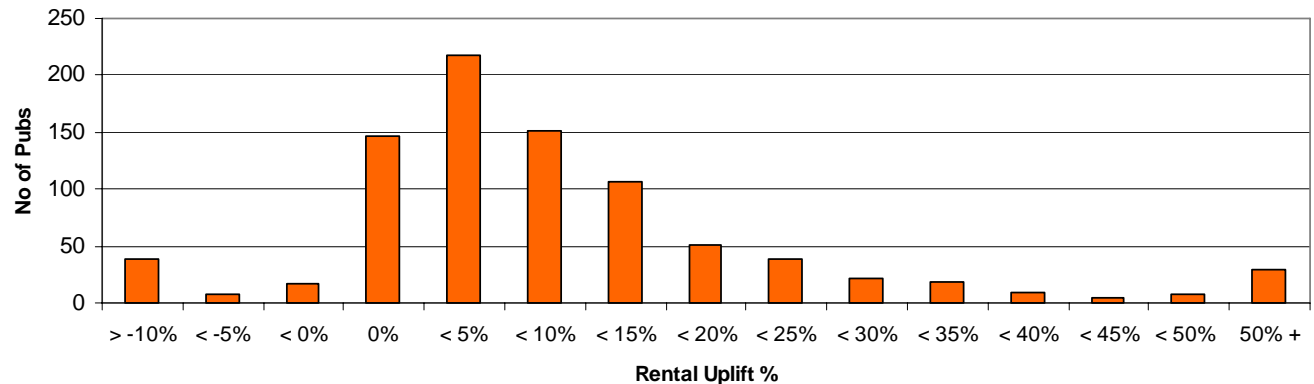
Growth measured against last year excluding GRS Inns, sold June 2006

Interim Results 2007

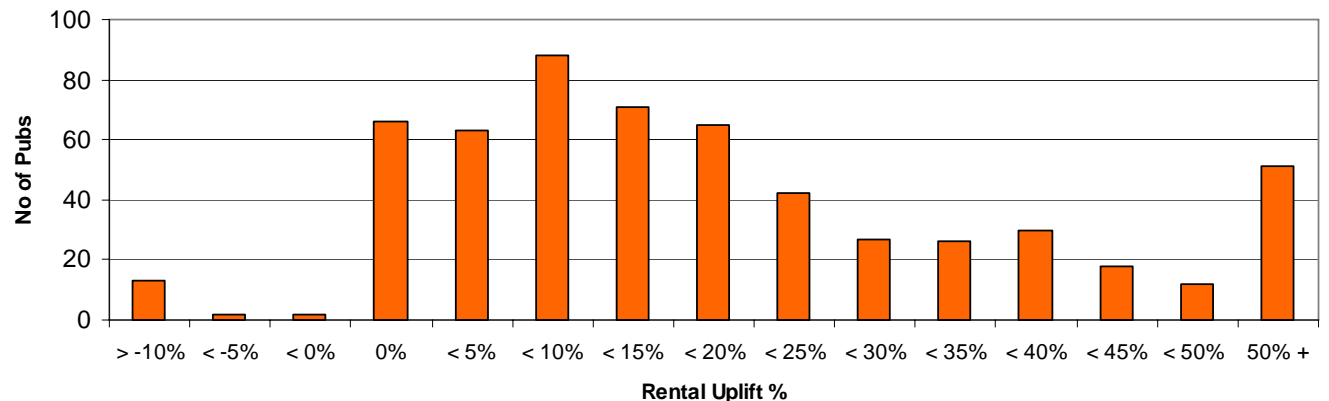
Agreeing Fair Maintainable Rents

- 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
- 2007 HY, 308 rent reviews have been agreed at an average uplift of 7%. 202 new rents have been agreed on lease renewal at an average uplift of 17%.
- In exceptional difficulties, rent concessions are granted. At the half year 2007 there were 199 concessions, with annualised rental value of £2.9m.

Completed Rent Reviews
2006 FY and 2007HY-
Rental uplift achieved



Completed Lease Renewals
2006 FY and 2007HY
- Rental uplift achieved



Punch

TAVERNS

Smoking Support to Retailers

HELPING RETAILERS BUILD BETTER BUSINESSES

NO ACTION, NO OPTION Smoking Ban 1st July 2007

WHICH OF THESE WILL YOUR PUB LOOK LIKE ON 1st JULY?

ARE YOU READY FOR THE BAN?

Punch Taverns, Jubilee House, Second Avenue, Burton upon Trent, DE14 2WF, 01283 501 600

SMOKING BAN ENGLAND 1st July 2007

NO ACTION, NO OPTION

SMOKING BAN WALES 2nd April 2007



NO ACTION, NO OPTION Smoking Ban

NO ACTION, NO OPTION Page 1 Smoking Ban

COUNTDOWN TO THE BAN
WALES: 4 WEEKS TO THE BAN, 2 APRIL 2007
ENGLAND: 17 WEEKS TO THE BAN, 1 JULY 2007

NATIONAL NO SMOKING DAY

EVERYTHING YOU NEED - DELIVERED TO YOUR DOOR

LEGISLATION UPDATE WALES

DEALING WITH THE BAN

YOUR GUIDE TO THE ACT, STAFF TRAINING AND ENFORCEMENT.

NO ACTION, NO OPTION

MAKE A Smoking Ban ACTION PLAN

See inside for:

- OPPORTUNITIES
- MAKING AN ACTION PLAN
- HINTS AND TIPS
- EVERYTHING YOU NEED FOR YOUR OUTDOOR AREA
- SIGNAGE AND ACCESSORIES

SIMPLE BUT EFFECTIVE SOLUTIONS

All Year Round - Fixed Canopy

Description: Fixed Roof Structure, External Feature Lighting & Heating

Who Pays for what?
 RETAILER: Heat & Lighting, Ashtrays
 WHO PAYS FOR WHAT? PUNCH: Fixed Roof Structure, Wiring / Installation

All Year Round - Retractable Awning

Description: Retractable Awning, Down Lighters & Heating, Possible combination with windbreakers, Wall Mounted Ashtrays

Who Pays for what?
 RETAILER: Retractable Awning, Heating & Lighting, Louvre F&F
 WHO PAYS FOR WHAT? PUNCH: The Awning

Seasonal - "Fair Weather Jumbrella"

Description: Jumbrella, Integral Heating & Lighting, Louvre / Floor Seating

Who Pays for what?
 RETAILER: Jumbrella, Heating & Lighting, Louvre F&F
 WHO PAYS FOR WHAT? PUNCH: Wiring / Installation, Permanent Jumbrella Base (only when converted into ground)

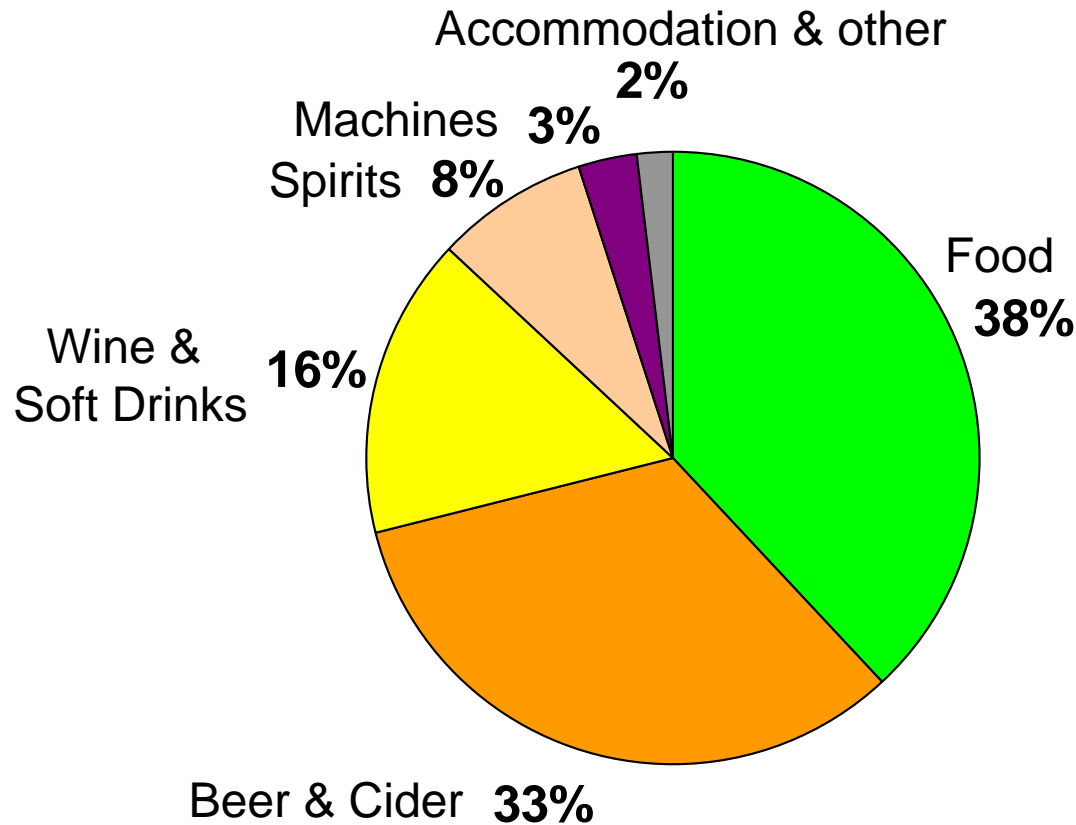


Managed Estate Profit Contribution

£m	Spirit core managed	<i>growth</i>	Mill House Inns (24 weeks)	Transition estate	Total
Ending No. of Pubs	684		81	420	1,185
Average No. of Pubs	684		70	565	1,319
Drink	178	4%	11	108	297
Food	124	7%	8	22	154
Machines income	8	-4%	1	9	18
Other	7	9%	2	4	13
Total revenue	317	5%	22	142	481
Drink	134	5%	9	79	221
Food	80	7%	5	13	98
Machines	8	-4%	1	9	18
Other	7	9%	2	4	13
Gross margin	230	5%	17	104	350
Labour costs	(83)	-5%	(6)	(37)	(127)
Utilities	(12)	-39%	(1)	(7)	(20)
Other pub costs	(35)	-7%	(4)	(20)	(59)
Rent payable	(16)	-4%	(1)	(8)	(25)
Outlet EBITDA	83	2%	5	31	119

Spirit core managed estate represents the managed houses to be retained as managed

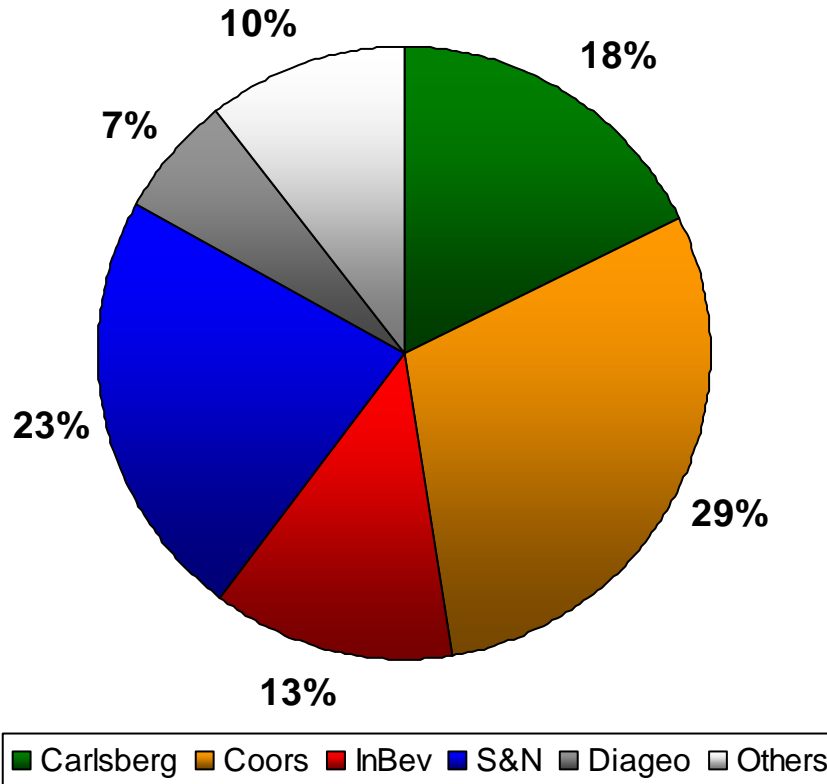
Core Managed Sales Mix



Well positioned to capitalise on consumer expenditure growth in eating out

MAT Sales in the core managed estate

Beer Supply Mix



Recent deals agreed with :

- Carlsberg
- InBev
- Scottish & Newcastle

Beer mix by supplier (MAT to March 2007)

Efficient Debt Structure

	Nominal Value £m	Effective Interest Rate	
Securitised debt			
Punch A	1,745	7.2%	• All debt is at fixed rates
Punch B	1,249	6.2%	• Securitised debt is investment grade and fully repaid over terms to 2035
Avebury	104	7.8%	
Spirit	1,250	6.6%	• Bank finance includes remaining Spirit acquisition debt and Mill House facilities
Total	<u>4,347</u>	6.8%	
Bank debt	674	6.6%	
Convertible bonds	275	6.3%	• Convertible bonds are repayable in 2010 but may be converted to equity at a current exchange price of £11.78 per share
Nominal Value	<u>5,296</u>	6.7%	
Finance lease obligations	24		
Fair value adjustment	328		
Gross Debt	<u>5,649</u>		

Illustrative Investment Considerations

HOW TO SPEND £100m FREE CASH

	incremental EBITDA	incremental PBT	EPS accretion (p)
Investment (20% return)	20	20	5.4
Acquisition - (£400m at 11% return)	44	23	6.2
Share buy back @ £13 per share			2.3
Repay debt at 7%		7	1.9

GROWING SHAREHOLDER FUNDS

