



# Appendices

# Adding Value Through Retailer Experience

- First three events run in Scotland during April with 130 delegates
- 55 events planned by Christmas 2005
  - Impact on over 1,500 pubs and over 2,000 delegates
  - Full follow-up activity
- Key aims:
  - Increase footfall into outlet
  - Increase visit frequency
  - Increase transaction values
  - Create a better broader consumer experience
  - More profitable retailers



## Profit Through Quality:

- Value of quality
- Perfect draught dispense
- The wine opportunity
- Perfect spirit and mixer
- Profitable merchandising
- Responsible drinking and legislation

# Adding Value Through Training

## Training Undertaken (August – March)

Programme	Retailers Trained	Number of Days
Induction (MLR)	666	6,660
eX!Factor	92	184
Investment (ISP)	182	302
<b>Total</b>	<b>940</b>	<b>7,146</b>

## National Innkeeping Training Awards

### Winner for:

- Best Development Programme
- BDM Development Award

### Judges' Comments:

*"We were impressed by the passion and commitment of the team. The development programme itself was clearly appropriate and focused on the needs of its market."*



## Celebrating Success

### Publican Awards

'Peach Pub Company' WINNER  
 Entrepreneurial Business of the Year  
 'Y Coed Duon, Blackwood' FINALIST  
 Newcomer of the Year

### Publican Pub Food Awards

'Helyar Arms, East Coker' WINNER  
 Newcomer of the Year  
 'Square & Compass, Rigton' WINNER  
 Sunday Pub Lunch of the Year

### NITAs – Our Retailers

'Graham Rowson' WINNER  
 Licensee Training of the Year

### NITAs – Our Partners

'Sharon Rutledge' FINALIST  
 Professional Trainer of the Year  
 'Daniel Pettigrew' FINALIST  
 Professional Trainer of the Year

### MA Best Pub Awards

'Helyar Arms, East Coker' WINNER  
 Newcomer of the Year  
 'Punch Tavern' 'Black Bull' FINALISTS  
 'Red Lion' 'Plungington Tavern'



# Acquisition Examples



**Romany Inn (Bampton) Spend £650k**

- Mid market local
- 10 letting bedrooms
- Good food potential
- 13.5% ROI after minor investment



**Huntingtower Arms (Grantham) Spend £350k**

- Basic local on main road site
- Wet led with opportunity for food
- 13.3% ROI

# Investment Example Rose & Crown, Harpenden

BEFORE



AFTER



- Shared investment between Punch (£80k) and retailer (£20k)
- Internal and external refurbishment to upgrade from basic to mid market local
- New contemporary food offer filling a gap in the market and attracting new clientele

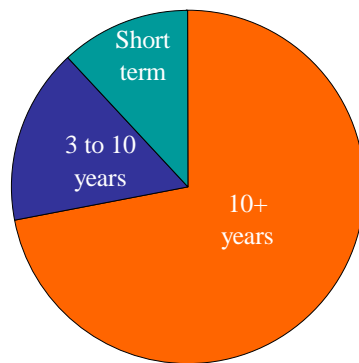
# Lease and Tenancy Agreements

Lease type in March 05:

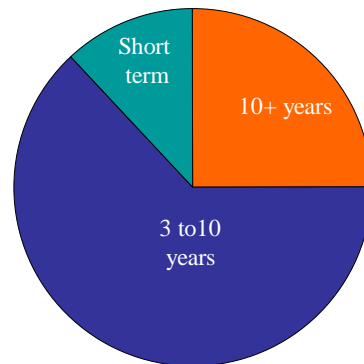
Retailer Agreement/PGL	25%
Standard lease	30%
Tenancy	33%
TAW	10%
Not trading	2%

- 55% of pubs now on long term leases :
  - Punch 72% (69% March 04)
  - Pubmaster 25% (22% Mar 04)
  - InnSpired 84%
  
- 620 pubs now signed on new long term Retailer Agreement since launch last summer
  - Includes 219 Pubmaster pubs

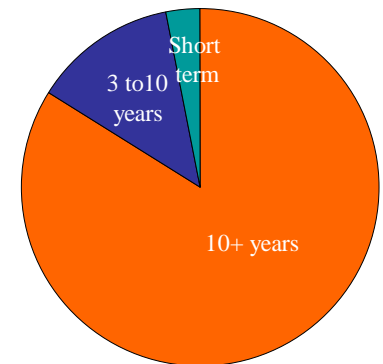
**Punch**



**Pubmaster**

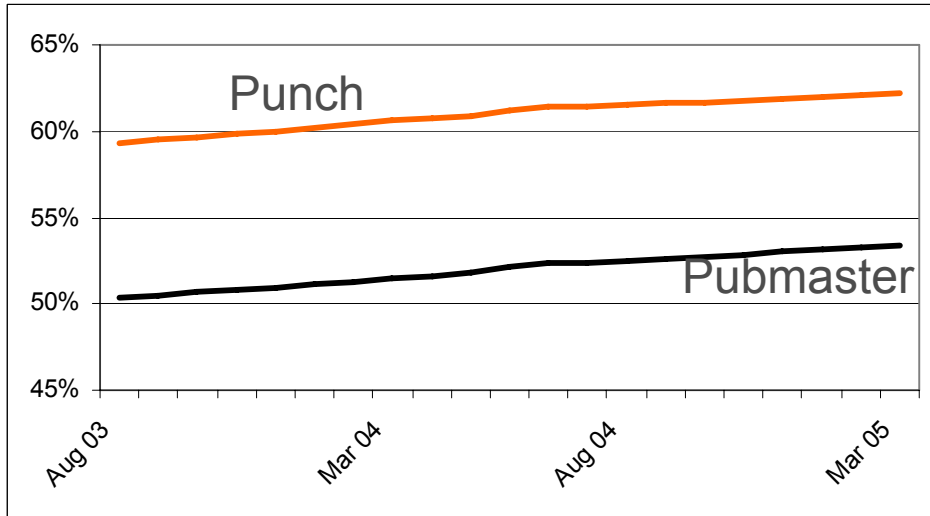


**InnSpired**



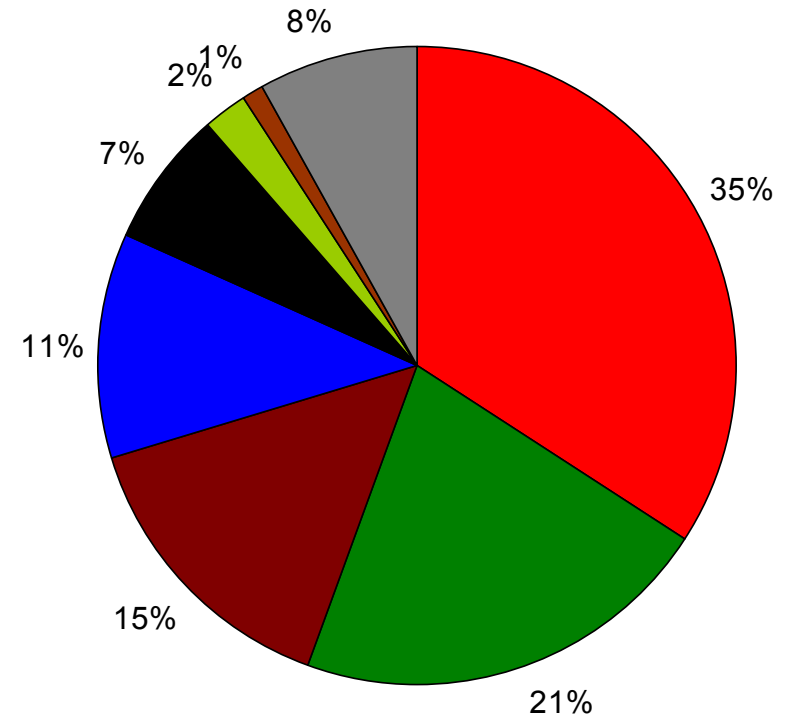
# Beer Mix

## Lager Mix Continues to Rise



- Margin on standard draft lager is 36% higher than standard draft ale

## Suppliers

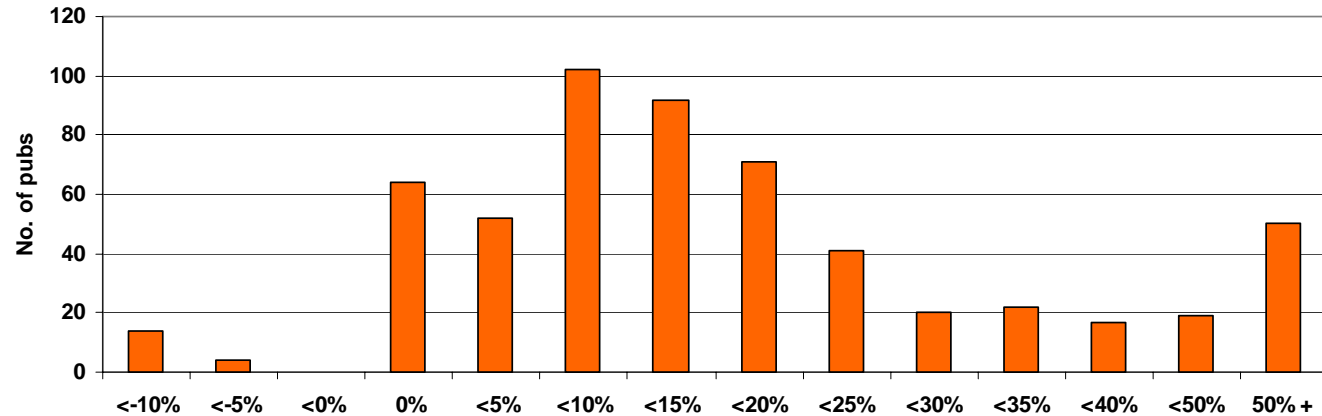


- COORS
- CARLSBERG UK
- INTERBREW
- SCOTTISH COURAGE
- DIAGEO
- GREENE KING
- W'HAMPTON & DUDLEY
- 67 OTHERS

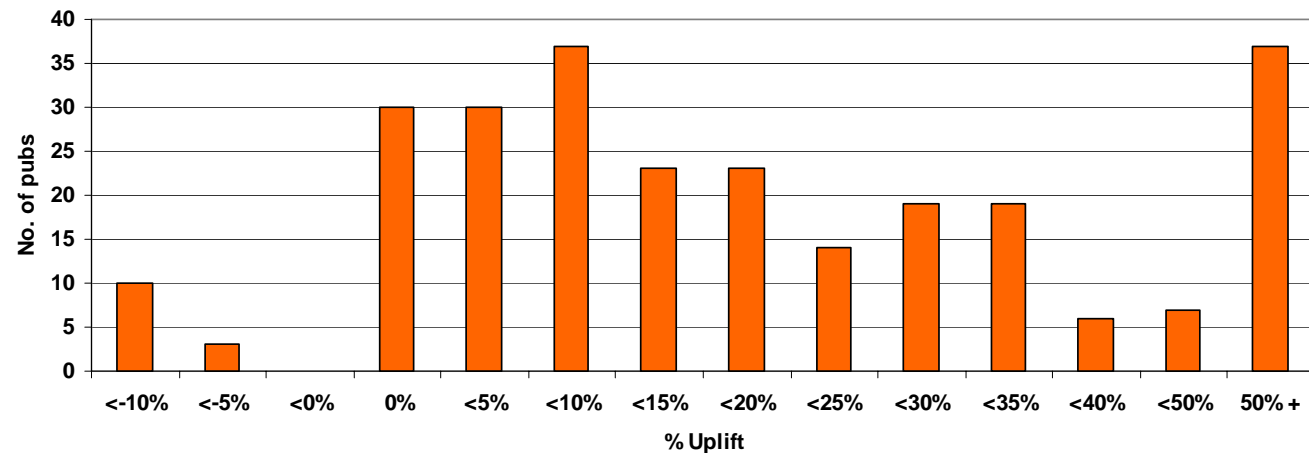
## Agreeing Fair Maintainable Rents

- 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 the first half 140 new rents have been agreed on lease renewals at an average uplift of 25%. 288 rent reviews have been agreed at an average uplift of 15%
- In exceptional difficulties, rent concessions are granted. There are currently 226 such concessions with annualised rental value of £3m.

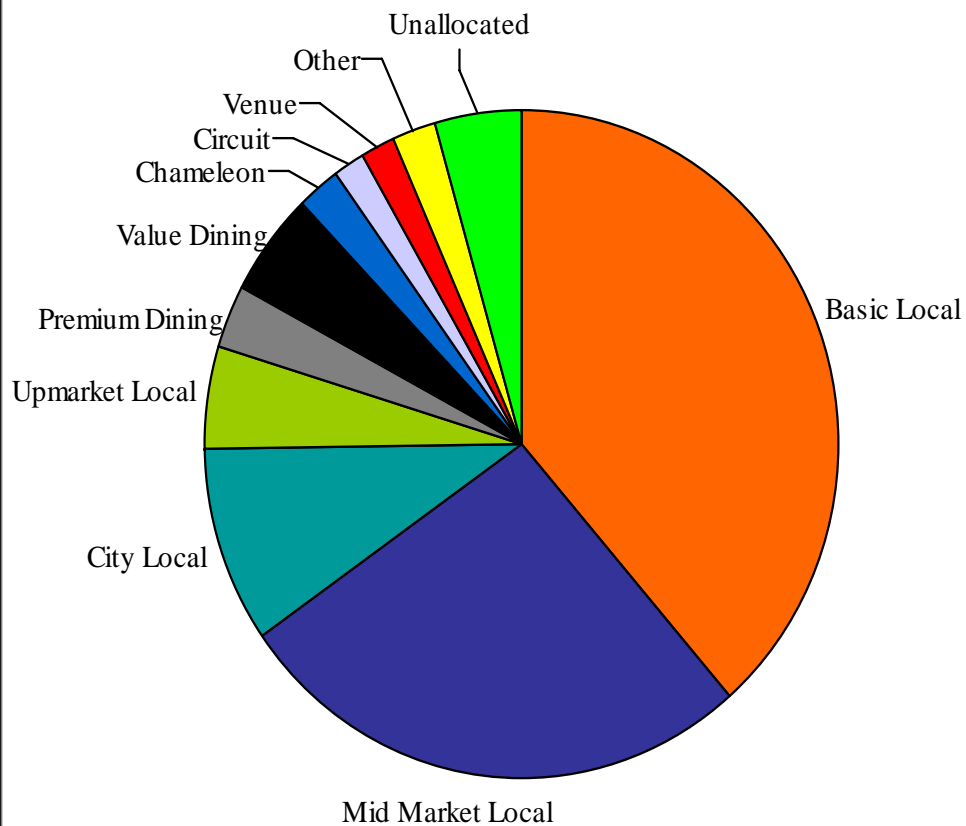
**Completed Rent Reviews**  
2003/04 & 2004/05  
- Rental uplift achieved



**Completed Lease Renewals**  
2003/04 & 2004/05  
- Rental uplift achieved



# Most Pubs are Community Locals



	Punch	Pubmaster	InnSpired	Total
Basic Local	1,412	1,397	155	2,964
Mid Market Local	1,248	785	128	2,161
City Local	503	195	106	804
Upmarket Local	267	112	11	390
Premium Dining	155	81	6	242
Value Dining	205	190	48	443
Chameleon	124	29	2	155
Circuit	83	23	5	111
Venue	82	45	2	129
Others	337	56	8	401
<b>Total Pubs March 2005</b>	<b>4,416</b>	<b>2,913</b>	<b>471</b>	<b>7,800</b>

# Geographical Mix of Estate

DTI REGION	Punch	Pubmaster	InnSpired	Total
Scotland	360	102	0	<b>462</b>
North	94	344	35	<b>473</b>
North West	428	671	17	<b>1,116</b>
Yorkshire & Humberside	620	368	30	<b>1,018</b>
Wales	298	129	19	<b>446</b>
West Midlands	722	218	21	<b>961</b>
East Midlands	286	230	19	<b>535</b>
East Anglia	77	269	5	<b>351</b>
South West	186	247	177	<b>610</b>
London	365	23	9	<b>397</b>
South East	980	312	139	<b>1,431</b>
<b>Total (March 2005)</b>	<b>4,416</b>	<b>2,913</b>	<b>471</b>	<b>7,800</b>

# Illustrative Investment Considerations

## HOW TO SPEND £100m FREE CASH

	incremental EBITDA	incremental PBT	EPS accretion (p)
Investment (25% return)	25	25	7.0
Acquisition - (£400m at 12% return)	48	27	7.6
Share buy back @ £6.50 per share			3.4
Repay debt at 7%		7	2.0

## ACCELERATING “INFLATION +” GROWTH

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

Example: Assumes interest cover of 2x

Interim Results 2005

## GROWING SHAREHOLDER FUNDS

