

PUNCH TAVERNS PLC

("Punch" or "the Group")

PROPOSED DISPOSAL OF 290 MANAGED PUBS BY PUNCH TAVERNS PLC TO GI PARTNERS

The board of Punch Taverns plc ("Punch" or the "Group") today announces that it has agreed to the disposal of 290 managed pubs (the "Disposal Portfolio") from the Spirit Group ("Spirit") to Orchid Pubs Limited, a company formed by GI Partners (the "Disposal").

Highlights

- Proceeds from the Disposal, on a cash and debt free basis, of £571 million
- The disposal of 290 pubs forms part of the planned disposal of 380 pubs announced with Punch's interim results on 22 May 2006
- Cash proceeds to be used primarily to reduce short term debt

The Disposal will be subject to Punch shareholder approval if required.

Giles Thorley, Chief Executive of Punch, commented:

"The transaction represents the first major disposal by Punch following the acquisition of Spirit in January 2006 and is wholly in line with our strategy to streamline the managed house business whilst converting a further 740 pubs to our core leased estate".

8 June 2006

ENQUIRIES

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Merrill Lynch International is acting as financial adviser and corporate broker to Punch in connection with the Disposal.

JPMorgan Cazenove is acting as financial adviser to Orchid Pubs Limited and GI Partners.

This summary should be read in conjunction with the full text of the attached press release.

Merrill Lynch International is acting exclusively for Punch in connection with the Disposal and no one else and will not be responsible to anyone other than Punch for providing the protections afforded to clients of Merrill Lynch International or for providing advice in relation to the Disposal or any other matters referred to herein.

JPMorgan Cazenove is acting exclusively for Orchid Pubs Limited and GI Partners in connection with the Disposal and no one else and will not be responsible to anyone other than Orchid Pubs Limited or GI Partners for providing the protections afforded to clients of JPMorgan Cazenove or for providing advice in relation to the Disposal or any other matter referred to herein.

8 June 2006

**PROPOSED DISPOSAL OF 290 MANAGED PUBS BY PUNCH TAVERNS PLC
TO GI PARTNERS**

1. Introduction

The board of Punch Taverns plc ("Punch" or the "Group") today announces that it has agreed to the disposal of 290 managed pubs (the "Disposal Portfolio") from the Spirit Group ("Spirit") to Orchid Pubs Limited, a company formed by GI Partners (the "Disposal"), for total proceeds, on a cash and debt free basis of £571 million, payable in cash.

The Disposal will be subject to Punch shareholder approval if required.

2. Background to and reasons for the Disposal

In line with Punch's previously announced strategy following its acquisition of Spirit, the Group intends to transfer a significant number of Spirit managed pubs to its leased estate to be run by entrepreneurial independent retailers. The Group has committed to transfer 740 managed pubs to its leased estate and the first two phases of this process are now underway with over 450 Spirit pubs now announced for transfer to lease. Following the Group's review of its managed estate it is anticipated that Punch will dispose of approximately 410 of the pubs originally acquired as part of the Spirit acquisition (including the Disposal Portfolio). These pubs have been selected for disposal after careful review, on the basis of current and prospective trade and their fit within the remaining estate. To date, approximately 30 pubs have been sold.

The remaining estate of 680 pubs (the "Retained Estate") constitutes a quality managed pub estate, which is streamlined and less complex to operate, and which will be managed through three divisions of Value Food, Premium Food and Quality Locals. The Premium Food division will include the Chef & Brewer brand. The Retained Estate is 68 per cent. freehold or long lease with an average outlet EBITDA of £231,000 per annum and a strong growth profile.

Punch's intention is to establish the Retained Estate as a high quality managed house estate, run as a separate business within Punch and managed by an experienced team drawn mostly from the Spirit management team. Whilst driving towards this simultaneously with the lease conversion programme, Punch is successfully building valuable quality assets in both its leased and managed divisions.

3. Information on the Disposal Portfolio

The Disposal Portfolio comprises 290 managed pubs, including a number of pubs branded under the Country Carvery, Q's and Bar Room Bar formats. The remaining pubs are being sold on an unbranded basis. For the unaudited 52 week period to 22 April 2006, the pubs generated revenues of £230.7 million (equivalent to an average weekly turnover of approximately £15,300) and outlet level EBITDA (i.e. before central overheads) of £60.6 million.

The assets are located across the United Kingdom, with 136 in the south of England and Wales, 133 in the north of England, and 21 in Scotland. 184 of the assets are freehold; 10 are held on long leasehold arrangements; and 96 on short leaseholds.

4. Principal terms and conditions of the Disposal

Pursuant to a disposal agreement, Punch has agreed to sell the Disposal Portfolio to Orchid Pubs Limited, a company formed by GI Partners.

The total proceeds of £571 million on a cash and debt free basis (subject to adjustment for certain matters including, *inter alia*, working capital) will be paid by way of consideration for the transfer of shares of certain companies and the sale of certain pubs from Spirit Managed Pubs Limited and the discharge of indebtedness owed to subsidiaries of Punch.

The Disposal will be subject to Punch shareholder approval if required.

5. Financial effects of the Disposal on Punch

As at 20 August 2005, the outlets forming the Disposal Portfolio were included in Spirit's accounts with a fixed asset value of £446.0 million and current assets (comprised of stocks, cash floats and prepayments) totaling £5.5 million. These are the only net assets that are separately attributable to the outlets forming the Disposal Portfolio. The remaining assets and liabilities connected to this portfolio (being primarily other debtors, trade creditors, accruals, provisions and debt funding) are not separately identifiable by individual outlet as they are an element of larger balances held that either relate to outlets within the continuing group as well as the Disposal Portfolio (e.g. the beer creditor, which relates to the entire managed estate) or are not directly linked to an outlet (e.g. external debt funding and associated accrued interest).

The net cash proceeds arising from the Disposal are expected to be approximately £560 million which will be primarily used by Punch to repay short term debt.

On acquisition of Spirit in January 2006, Punch assigned provisional fair values to the assets now forming the Disposal Portfolio. These values will now be adjusted to eliminate the book profit or loss on disposal in the Group accounts, resulting in a change to provisional goodwill arising on the acquisition of Spirit.

6. Current trading and prospects for Punch

In Punch's interim results announced on 22 May 2006 for the 28 weeks ended 4 March 2006 the following statement was made regarding current trading:

"The past six months have been a period of steady progress for the underlying estate whilst we have successfully moved the Group into a new dimension with the acquisition of Spirit. With this acquisition we have significantly improved the quality of our estate and gained the capacity and skills to develop our business further.

While the trading environment presents some ongoing challenges, our strategy of acquisition, divestment and investment continues to improve the quality of the pubs in our estate. Moreover our management team has the strength and range of skills to continue to move the business forward.

The second half has started well and continued the steady pattern of the first half. We look forward to an active programme for the remainder of the year and a satisfactory outcome with enhanced prospects for continued future growth."

Since the date of the above statement there have been no major changes in trading, which remains in line with expectations.

Merrill Lynch International is acting exclusively for Punch in connection with the Disposal and no one else and will not be responsible to anyone other than Punch for providing the protections afforded to clients of Merrill Lynch International or for providing advice in relation to the Disposal or any other matters referred to herein.

JPMorgan Cazenove is acting exclusively for Orchid Pubs Limited and GI Partners in connection with the Disposal and no one else and will not be responsible to anyone other than Orchid Pubs Limited or GI Partners for providing the protections afforded to clients of JPMorgan Cazenove or for providing advice in relation to the Disposal or any other matter referred to herein.

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations, and by their nature, are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. The information does not assume any responsibility or obligation to update publicly or revise any of the forward-looking statements contained herein.

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