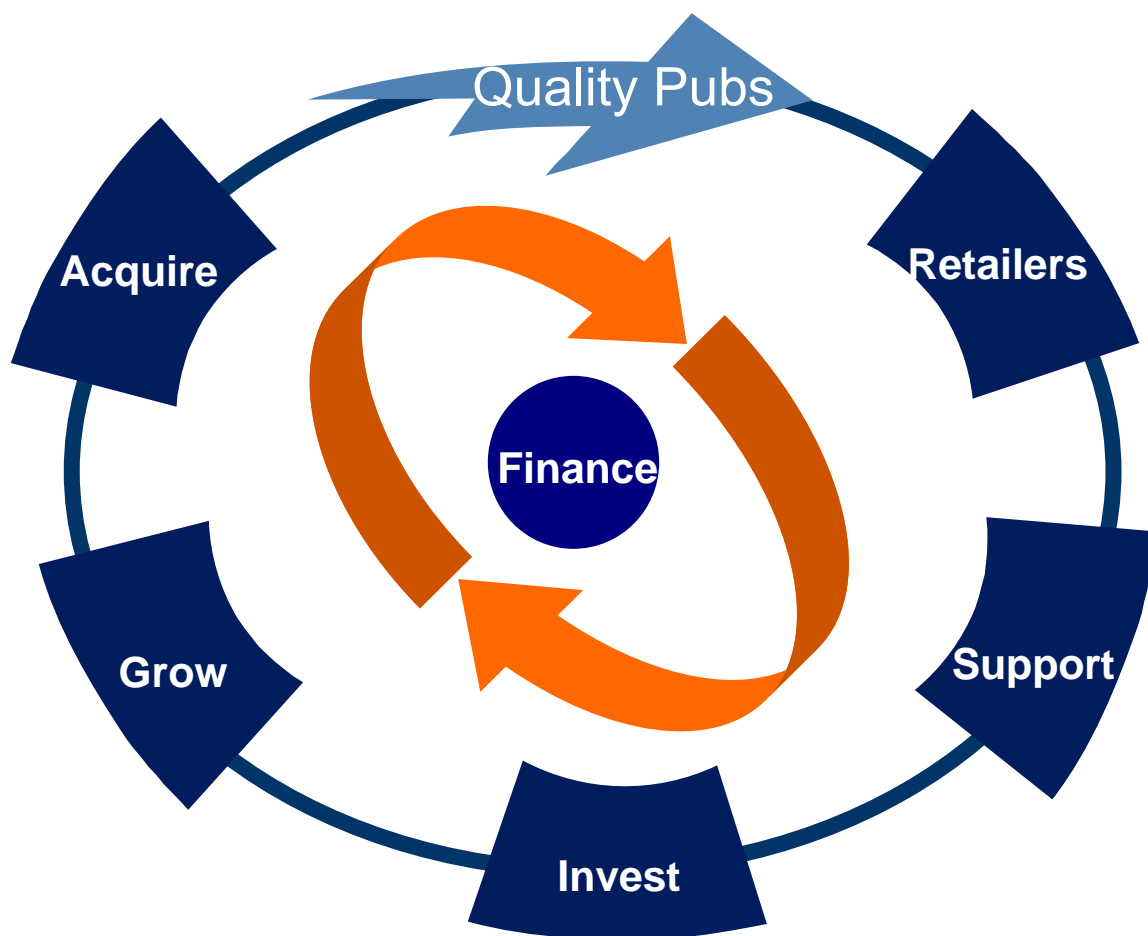


Punch

TAVERNS

Business Review

Business Review



- Consistent and proven strategy:
 - To add value through the business model
 - To acquire more pubs

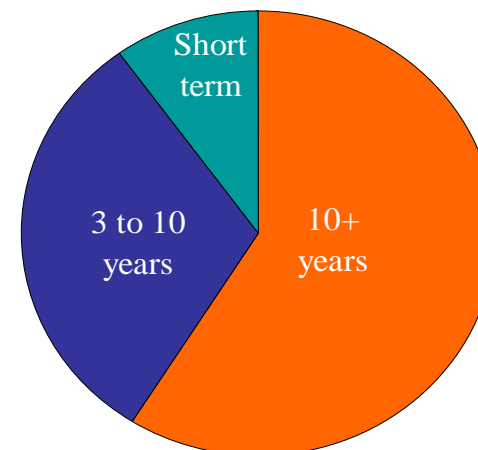
Business Model in Action

● Retailers

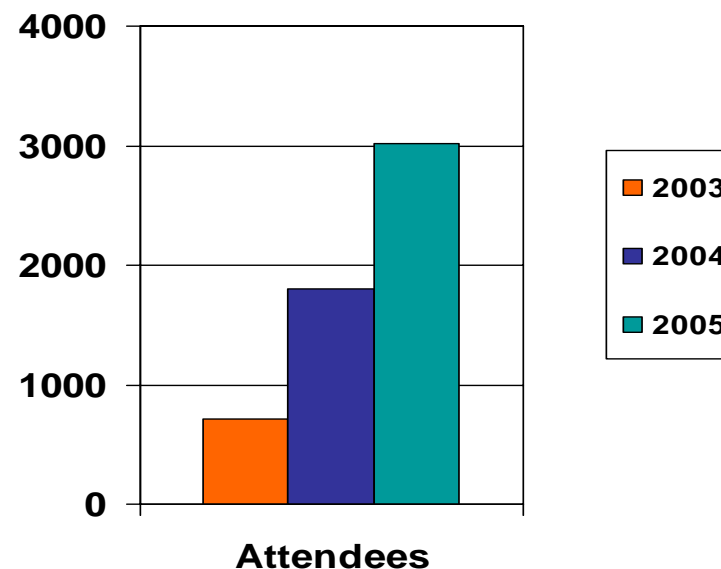
- Applicant numbers 120 per week.
- 883 pubs signed onto long term Retailer Agreement in year
- 59% of pubs now on long term agreements (51% last year)

● Support

- 13,902 retailer training days this year; 3,016 retailers trained.
- Retail Experience programme – 41 events run to date, covering 1,424 retailers.
- Licensing support package assisting move to more flexible hours



Growing training programme



Business Model in Action

● Investment

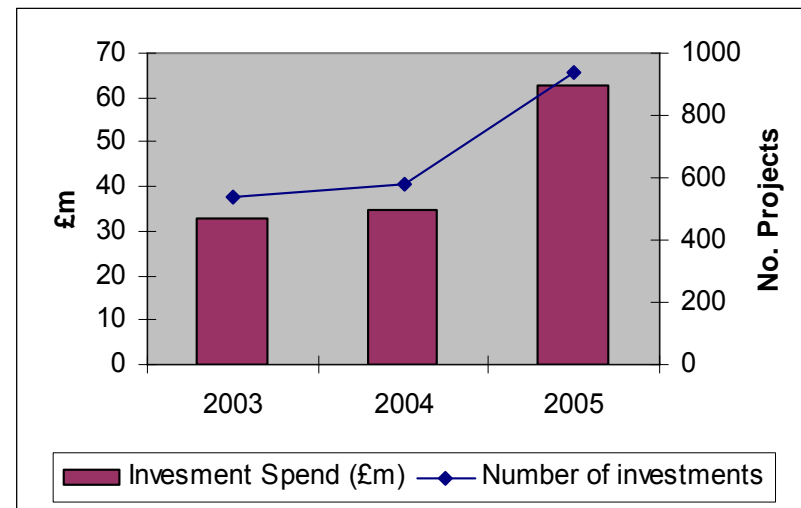
- 936 pub developments for £63m at c30% ROI. Total pub spend £72m
- 45% of projects in Pubmaster estate
- Consistent programme -12% of estate developed in 2003, 9% in 2004, 12% in 2005



Nags Head (Nottingham)
Spend £86k



Hussey Arms (Brownhills)
Spend £175k



Business Model in Action

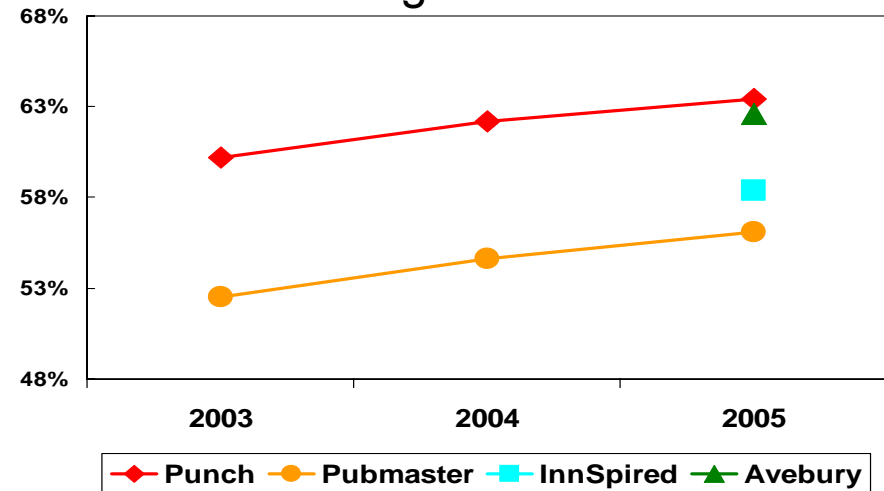
● Growth

- 667 rent reviews agreed – average uplift 15%
- 321 lease renewals agreed – average uplift 25%
- Lager mix continues to grow across all parts of estate
- 256 beer brands (164 cask)

● Acquisitions

- 106 individual pub acquisitions for £64m at 12% ROI
- InnSpired – 471 pubs
- Avebury – 409 pubs
- All businesses now fully integrated

Lager Mix



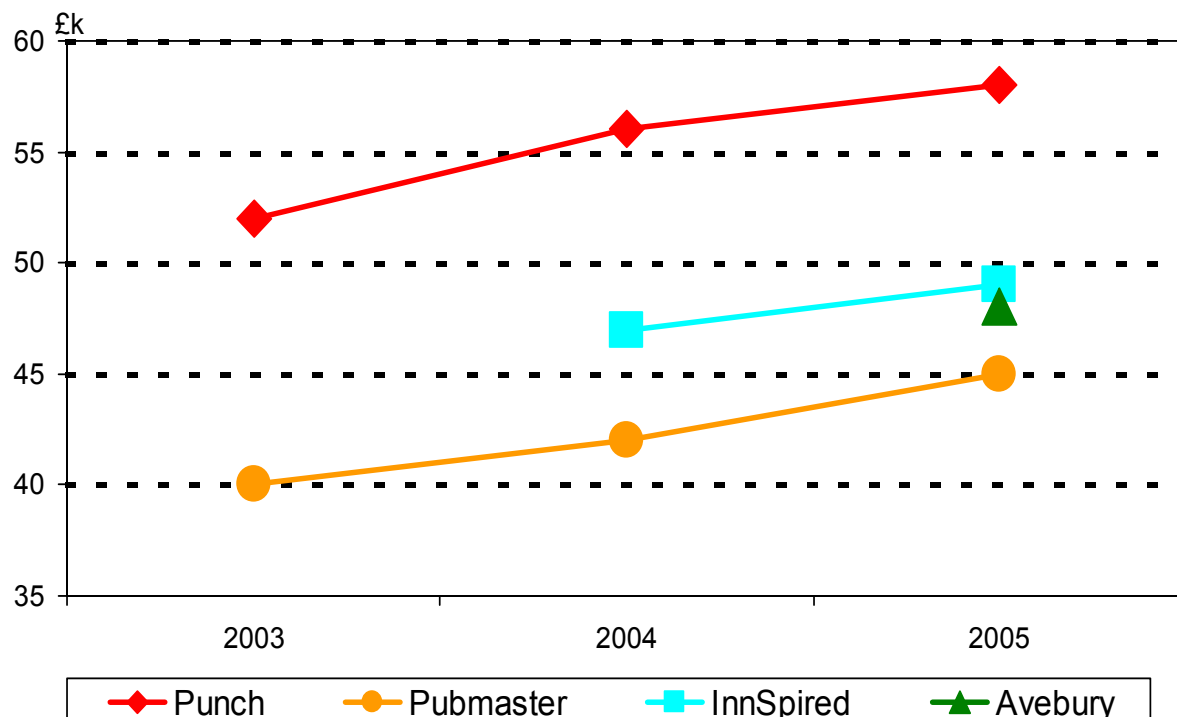
Downe Arms
(Castleton, Whitby)
Spend £473k



Pear Tree (Bassingbourn)
Spend £693k

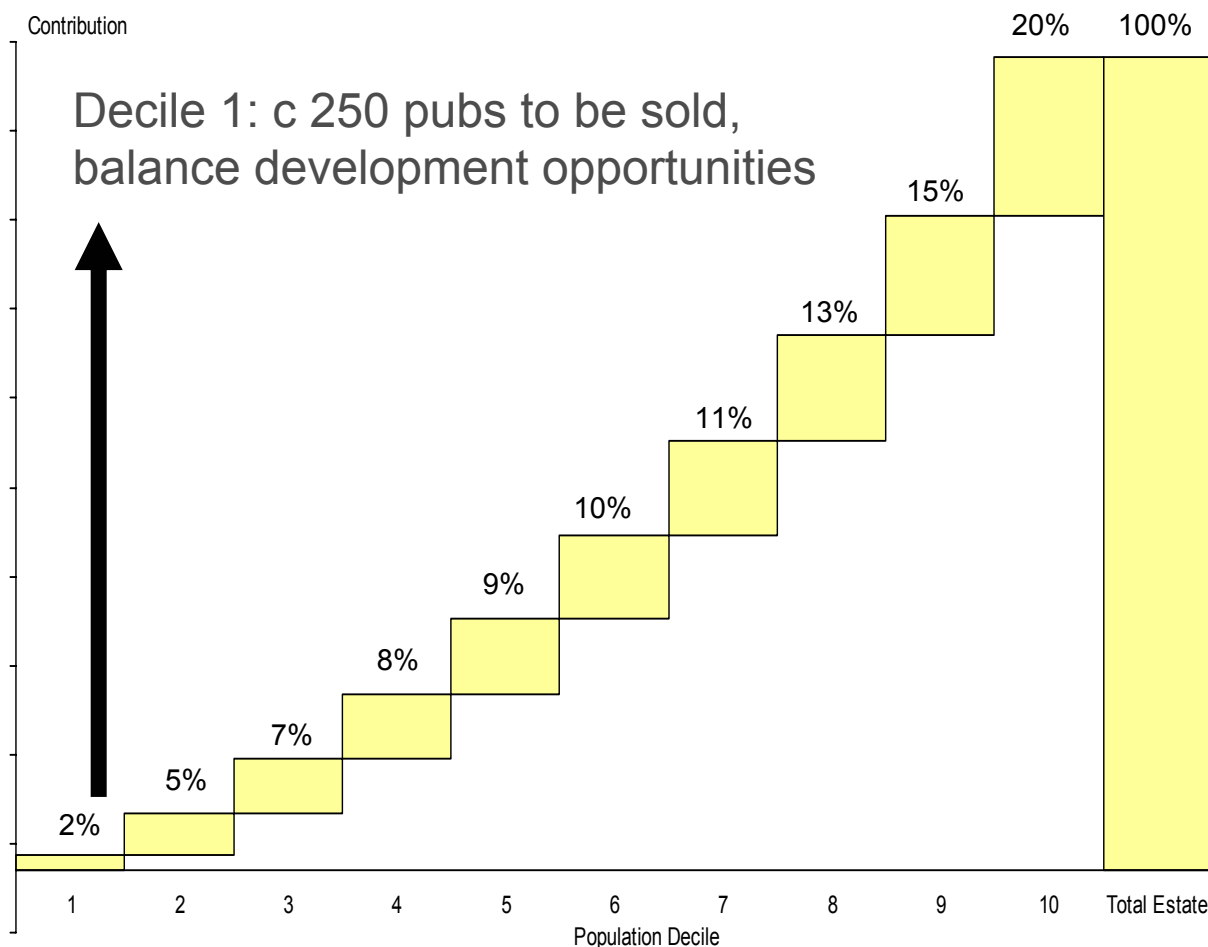
Positive Effect of Business Model

EBITDA Per Pub



- Pubs of all sizes and origins continue to grow
- Key growth drivers are
 - Retailers and agreements
 - Investment
 - Product range and mix
 - Purchasing synergies
 - Economies of scale

Decile Analysis



- Top half of the estate generate 69% of profit
- Bottom deciles continue to provide positive contribution and
 - have greatest opportunity for profit growth
 - provide opportunity for alternative use churn

Profit contribution in like for like estate, Pubmaster and InnSpired by population decile

Industry Watch

● Licensing

- Proactive policy will result in over 2 million extra trading hours p.a. across the estate from 24th November

	As At 4 th November	
Punch Applications	Licences Granted	Variations Granted
6,537	5,448	5,248

● Smoking

- Smoke reduction strategy being embraced – POS already in place
- Planning for new environment now
- Highly proactive strategy in Scotland is a template for future plans in England and Wales

Punch Smoking Charter

Retailer Statements of Intent	Adopting Smoking Policy	No Intention	Complete Ban
6,140	4,291	1,812	37

* 766 Retailers elected to 'go alone' - we have continued to monitor their status and have registered our interest in each site

As at 31st October

Summary and Current Trading

- Another excellent year of organic growth and value enhancing acquisitions
- Business is well placed to sustain continued growth
- Current trading is satisfactory and in line with the Board's expectations
- Our success is testament to the strong and growing partnership with our retailers