

Appendices



www.thespiritgroup.com

PASSIONATE ABOUT OUR PUBS



www.punchtaverns.com

Corporate Social Responsibility

- **Environment**

- Director responsible for reducing Group's energy usage
- Roll out of smart metering in managed estate
- Spirit shortlisted for Environment Agency Water Efficiency Awards

- **Responsible Retailing**

- Actively supporting the BBPA's Challenge 21 initiative
- New children's menu in managed estate with reduced fat and salt content
- Implemented BBPA's code of practice on gaming



Leased Estate Profit Contribution

52 weeks to 18 August 2007 £m	<u>Original</u>	<u>growth</u>	<u>Conversions</u>	<u>Total</u>	<u>growth</u>
Average number of pubs	7,544	-5%	329	7,873	-1%
Revenue:					
Beer	457	-4%	41	498	4%
Rent	217	2%	19	236	11%
Machine income	28	-5%	4	32	8%
Other drinks	71	1%	9	79	13%
Total	773	-2%	72	845	7%
Gross margin					
Beer	237	-1%	20	257	7%
Rent	216	2%	19	235	11%
Machine income	28	-5%	4	32	8%
Other drinks	27	14%	3	30	26%
Total	508	1%	46	554	10%
Other Costs	(67)	-2%	(1)	(68)	-6%
Rent Payable	(3)	45%	(4)	(7)	-31%
EBITDA	438	1%	41	479	10%
<i>Margin</i>	<i>57%</i>		<i>56%</i>	<i>57%</i>	
<i>EBITDA per pub</i>	<i>£58k</i>	<i>6%</i>	<i>£124k</i>	<i>£61k</i>	<i>11%</i>

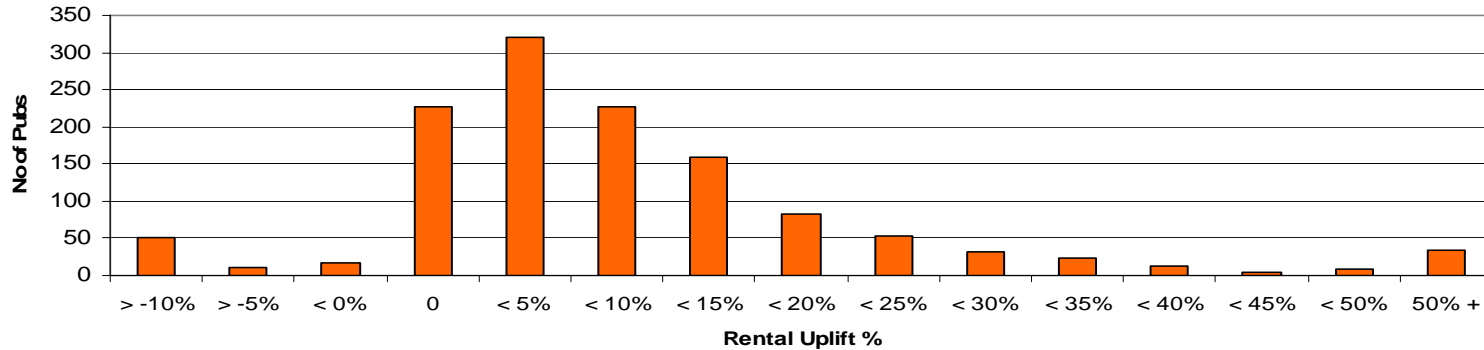
Growth measured against last year excluding GRS Inns, sold June 2006



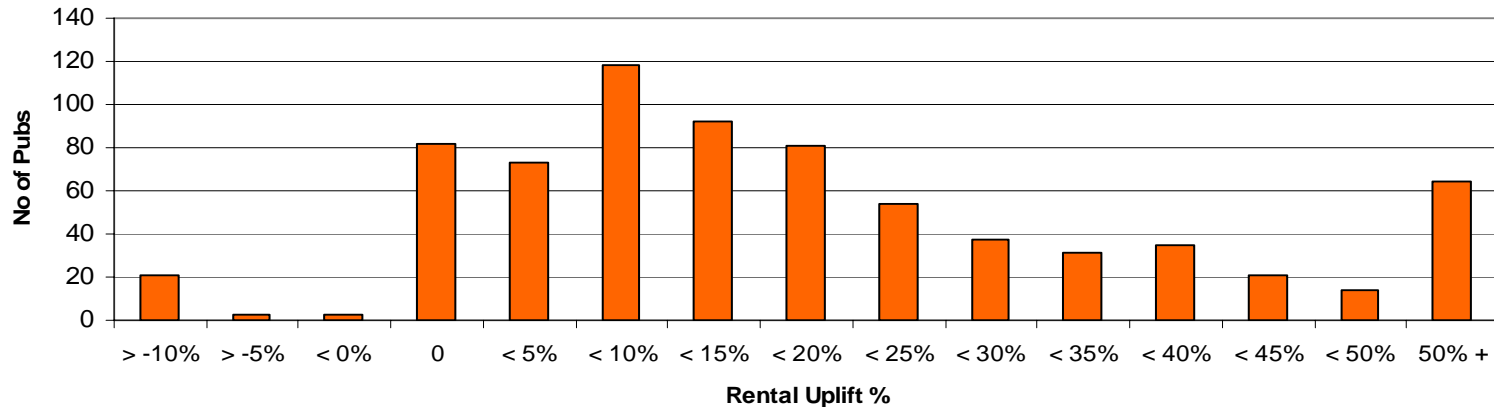
Agreeing Fair Maintainable Rents

- 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
- 706 rent reviews this year have been agreed at an average uplift of 7%. 354 new rents have been agreed on lease renewal at an average uplift of 16%.
- In exceptional difficulties, rent concessions are granted. At August 2007 there were 149 concessions, with annualised rental value of £2.3m.

Completed Rent Reviews
FY06 and FY07
Rental uplift achieved



Completed Lease Renewals
FY06 and FY07
Rental uplift achieved



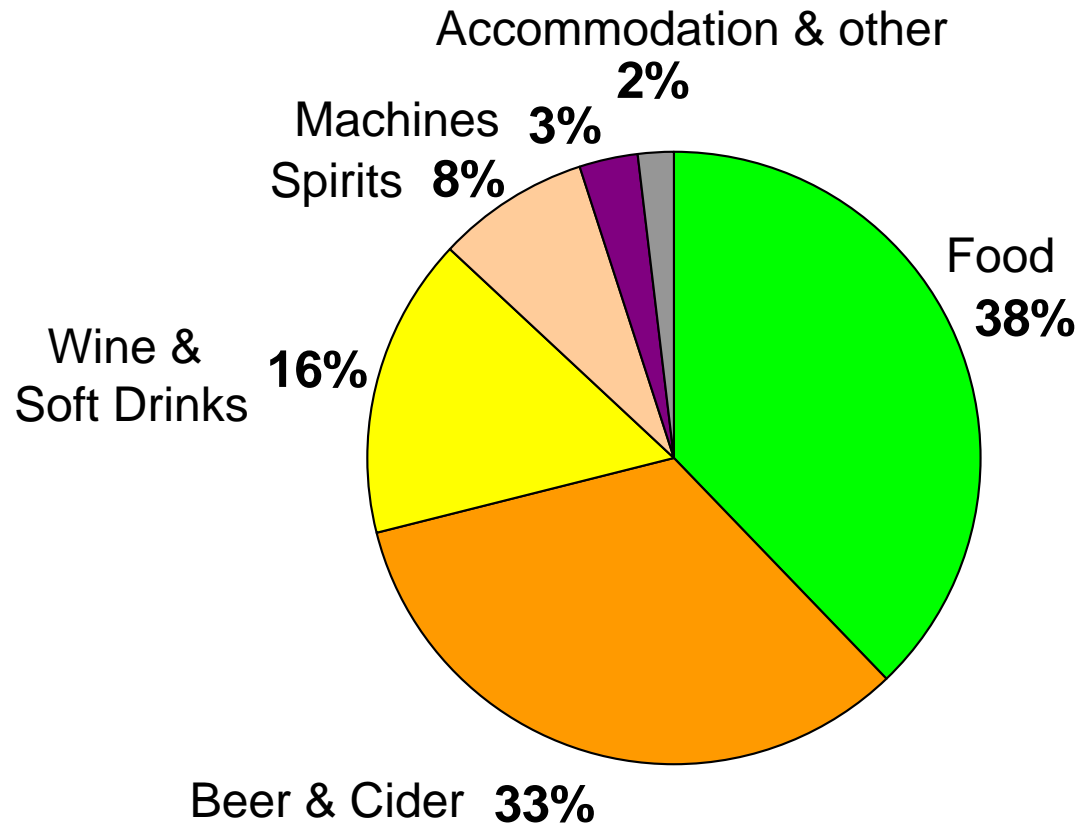
Managed Estate Profit Contribution

£m	Spirit core managed	Like for like growth	Mill House Inns (48 weeks)	Transition estate	Total
Ending No. of Pubs	758		78	51	887
Average No. of Pubs	758		72	361	1,191
Drink	372	2.3%	23	125	519
Food	246	5.8%	15	24	286
Machines income	17	-5.3%	2	11	30
Other	15	9.6%	4	7	25
Total revenue	649	3.5%	44	167	860
Drink	282	3.1%	17	97	397
Food	159	4.5%	10	13	182
Machines	17	-5.3%	2	11	30
Other	15	9.6%	4	5	24
Gross margin	473	3.5%	33	126	631
Labour costs	(166)	-2.6%	(13)	(43)	(222)
Utilities	(22)	-28.0%	(2)	(9)	(33)
Other pub costs	(69)	-5.1%	(7)	(28)	(104)
Rent payable	(35)	-3.2%	(1)	(9)	(45)
Outlet EBITDA	181	1.4%	10	38	228

Like for like growth relates to 755 outlets owned by Spirit for the whole of FY06 and FY07
Transition estate comprises pubs sold during the year and pubs which do not fit into the four core divisions



Core Managed Sales Mix

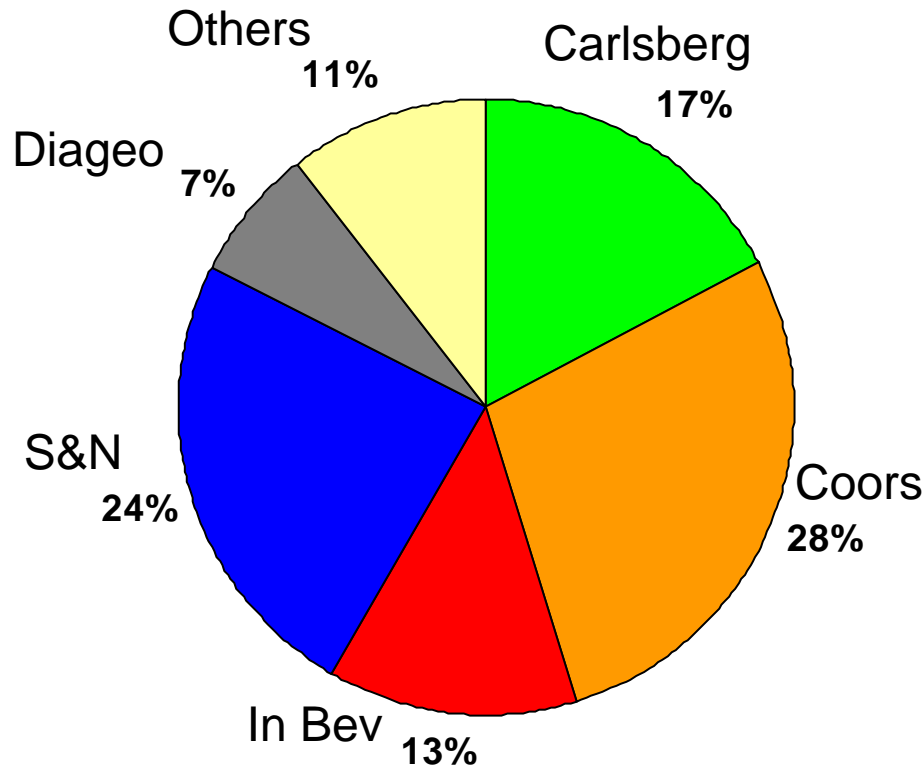


Well positioned to capitalise on consumer expenditure growth in eating out

Sales in the core managed estate (Year to August 2007)



Beer Supply Mix



Revised deals agreed with the majority of our major suppliers during the year

Beer mix by supplier (Year to August 2007)



Developing the Business

- Matthew Clark joint venture
 - Matthew Clark is UK's largest independent drinks wholesaler and distributor with wide product range and sales expertise
 - Normalised EBITDA of £15m with experienced management team
 - Punch investment £35m for 50% ownership with Constellation Europe
 - Earnings enhancing: Punch's share of post-tax profit for the 4-months post acquisition is £1.6m
 - Opportunity to extend our range of goods and services to leased retailers, and drive synergy benefits through purchasing contracts



Illustrative Investment Considerations

HOW TO SPEND £100m FREE CASH

	incremental EBITDA	incremental PBT	EPS accretion (p)
Investment (20% return)	20	20	5.3
Acquisition - (£400m at 11% return)	44	23	6.1
Share buy back @ £10 per share			3.3
Repay debt at 7%		7	1.8

GROWING SHAREHOLDER FUNDS

