PUNCH TAVERNS PLC

("Punch" or the "Company")

Interim Management Statement for the 16 weeks to 21 June 2014 and Restructuring Update

Financial and Operational highlights – profits in line with management expectations

- On track to meet full year profit expectations
- Core estate like-for-like net income up 1.4% in the third quarter (+1.4% 44 weeks to 21 June 2014)
- The disposal programme remains on track to deliver at least £100 million of net proceeds for the full year
- Strong investment pipeline in core pubs continues (average spend of approximately £100k per pub)

Restructuring update

Following the announcement on 27 May 2014, a group of stakeholders in the Punch A and Punch B securitisations have continued to discuss the details of restructuring proposals (the "Proposals") which were set out in that announcement. These discussions have focused on finalising the terms of the Proposals and preparing detailed term sheets to facilitate the implementation of the Proposals. The Proposals have also been given further consideration by the Company.

Status of the Proposals

The Proposals have now been expanded into detailed term sheets which set out broadly similar terms to those published on 27 May 2014. In particular, junior notes would be exchanged for a combination of new junior notes, cash and ordinary shares in the Company in a debt-for-equity swap. In addition, a group of junior creditors would subscribe for ordinary shares in the Company at a significant discount to the current market price to raise additional funds to be applied to repay junior notes in the Punch A securitisation at a discount to par. A summary of the proportions of new junior notes, cash and ordinary shares to be allocated to each class of existing notes, together with an outline of the terms on which the group of junior creditors would subscribe for ordinary shares in the Company, is set out in the Appendix. The detailed term sheets are available on the Punch website:
www.punchtavernsplc.com/Punch/Corporate/Investor+Centre/Investor+announcements/2014/

Following the completion of these discussions between stakeholders, the Proposals are now supported by a broad range of stakeholders (the "Stakeholder Group"):

- the Stakeholder Group comprises the ABI Special Committee together with a number of individual funds or subsidiaries of such funds advised or managed by Alchemy Special Opportunities LLP, Avenue Europe International Management LP, Angelo, Gordon & Co LP, Glenview Capital Management LLC, Luxor Capital Group LP, Oaktree Capital Management LP, Seer Capital Management LP and Warwick Capital Partners LLP; and
- the Stakeholder Group represents institutions who in aggregate own or control c.59% of the notes across Punch A and Punch B, c.54% of the senior notes across Punch A and Punch B, c.62% of the junior notes across Punch A and Punch B and c.54% of the equity share capital of Punch.

Each institution in the Stakeholder Group has undertaken to support the Proposals and to vote its holdings of equity shares and/or notes in favour of resolutions required to implement a restructuring. These undertakings are subject to certain milestones being met, including that a restructuring is launched and documentation regarding the Proposals sent to shareholders and noteholders by 11 August 2014.

Impact of the Proposals

The Proposals would result in a reduction in total net debt (including the mark-to-market on interest rate swaps) of £0.6 billion. In consideration for the debt reduction, the debt-for-equity swap and placing contemplated by the Proposals would result in significant equity dilution for existing shareholders, such that the Company's currently issued share capital would represent 15% of its total enlarged issued share capital following the restructuring.

Were the Proposals to be implemented, the reduction in net debt (including the mark-to-market on interest rate swaps) of £0.6 billion would result in a sustainable capital structure for the Group with the pro-forma net debt to EBITDA leverage of the Punch group falling to c.7.6x[1] at transaction close. Gross securitisation debt[2] of £1,564 million would have an initial effective interest rate of c.7.9% including PIK interest (c.7.1% cash pay interest).

Board's consideration of the Proposals
The Board continues to believe that a consensual restructuring is required to avoid a near-term default in the securitisations, which would be expected to have material adverse consequences for all stakeholders and, in particular, for shareholders given the various financial and contractual linkages between the securitisations and the rest of the Punch group.

The Board has carefully considered, with its advisers, the Proposals and the resulting significant equity dilution. It believes that it has considered all feasible alternatives to the Proposals and it has sought to minimise the level of equity dilution for shareholders. Given the broad level of stakeholder support for the Proposals, the absence of sufficient support for alternatives and the prospect of near-term default in the securitisations absent a restructuring, the Board believes that the Proposals are in the interests of shareholders as a whole and has therefore initiated the process to finalise and implement the Proposals as soon as appropriate.

Implementation of a consensual restructuring would require the consent of other parties outside of the Stakeholder Group, including shareholders, all classes of noteholders in Punch A and Punch B and other securitisation creditors (including the monoline insurers, liquidity facility providers and swap providers). Accordingly, there can be no certainty that the Proposals will be successfully implemented.

Covenant waiver requests
Punch A and Punch B are currently benefiting from covenant waivers which were approved by noteholders on 13 May 2014. These waivers will expire on 4 August 2014 absent the launch of a restructuring by 3 July 2014. The Board believes that it will not be possible to launch the Proposals, or any consensual restructuring prior to this deadline. Accordingly, to ensure that no default occurs in the securitisations whilst the Proposals are being finalised and implemented, Punch A and Punch B have today given notice convening noteholder meetings on 18 July 2014 for the purposes of voting on further covenant waiver requests.

The requests include temporary waivers of the Debt Service Cover Ratio covenant and certain other provisions of the securitisation documents and, if granted, will expire at the latest on 19 November 2014. It is a condition of the waivers that certain milestones are met, including that a restructuring to implement the Proposals is launched by 11 August 2014. Each member of the Stakeholder Group has undertaken to support the covenant waiver requests. The covenant waiver requests require the support of all classes of noteholders in Punch A and Punch B and other securitisation creditors (including the monoline insurers, liquidity facility providers and swap providers). Accordingly, there can be no certainty that the required level of support will be obtained.

Copies of the documents relating to the requests, which include further details of the terms of the respective waivers sought, are available on the Punch website:
www.punchtavernsplc.com/Punch/Corporate/Investor+Centre/Investor+announcements/2014/

Timetable
Subject to the success of the covenant waiver requests and the receipt of the requisite approvals at noteholder and shareholder meetings and other stakeholder approvals, the Board

[1] Based on pro-forma net securitisation debt at closing (excluding swap mark-to-market) of £1,524 million, less £6 million of PGE cash liquidity balances and mid-point Punch group underlying EBITDA guidance of £201 million for the 52 weeks to 16 August 2014
[2] Excluding swap mark-to-market

expects that implementation of the Proposals will be completed in the final quarter of the calendar year.

Stephen Billingham, Executive Chairman of Punch Taverns plc, commented

"We continue to make progress toward a consensual restructuring. These proposals have a high level of support, which reflects the hard work of a large number of stakeholders. There are still hurdles to be overcome before reaching complete agreement but we view the current situation as very positive and that a successful restructuring can be implemented. Continued constructive dialogue and determination from all involved will be required to achieve this."

26 June 2014

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Forward-looking statements
This report contains certain statements about the future outlook for Punch. Although we believe our expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

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APPENDIX

Full details of the terms of the Proposals are set out in the detailed debt term sheets available on the Punch website: www.punchtavernsplc.com/Punch/Corporate/Investor+Centre/Investor+announcements/2014/

The following key terms relating to the exchange of existing notes, and the terms on which the Company would issue new ordinary shares, have been reproduced below for reference.

Exchange of existing notes in Punch A and Punch B

Punch A

25 per cent. of existing Class A1(R) Notes and Class A2(R) Notes will be exchanged for new Class A1(V) Notes and Class A2(V) Notes, respectively, which will be subject to variable amortisation.

The remaining 75 per cent. of existing Class A1(R) Notes and Class A2(R) Notes will redesignated as Class A1(F) Notes and Class A2(F) Notes, respectively, which will be subject to a fixed amortisation profile targeting 1.3x FCF DSCR in FY15-17 inclusive, and 1.2x FCF DSCR thereafter.

Existing Class M1 Notes, Class M2(N) Notes, Class B1 Notes, Class B2 Notes, Class B3 Notes, Class C(R) Notes and Class D1 Notes will be exchanged at varying discounts to par for a combination of cash, new Class M3 Notes, new Class B4 Notes and/or ordinary shares in the Company in the following proportions:

Class of Notes	Cash proportion	Class M3 Note proportion	Class B4 Note proportion	Ordinary shares proportion	Total consideration (as percentage of par)
	(as a percentage of the consideration)				
Class M1 Notes:	22.4 per cent.	45.1 per cent.	12.0 per cent.	20.5 per cent.	100 per cent.
Class M2(N) Notes:	40.6 per cent.	45.1 per cent.	14.3 per cent.	-	90 per cent.
Class B1 Notes:	22.4 per cent.	45.1 per cent.	12.0 per cent.	20.5 per cent.	62.5 per cent.
Class B2 Notes:	22.4 per cent.	45.1 per cent.	12.0 per cent.	20.5 per cent.	62.5 per cent.
Class B3 Notes:	40.6 per cent.	45.1 per cent.	14.3 per cent.	-	57.5 per cent.
Class C(R) Notes:	22.4 per cent.	45.1 per cent.	12.0 per cent.	20.5 per cent.	25.0 per cent.
Class D1 Notes:	40.6 per cent.	45.1 per cent.	14.3 per cent.	-	12.0 per cent.

Ordinary shares making up part of the consideration above would be issued at a fixed price of 7.75 pence per share.

Punch B

Existing Class A3 Notes, Class A6 Notes and Class A7 Notes will remain outstanding, subject to amended terms and conditions.

Existing Class A8 Notes will be redeemed in full at par plus accrued interest.

Existing Class B1 Notes, B2 Notes and C1 Notes will be exchanged at varying discounts to par for a combination of new Class B3 Notes and/or ordinary shares in the Company in the following proportions:

Class of Notes	Class B3 Note proportion	Ordinary shares proportion	Total consideration (as percentage of par)
	(as a percentage of the consideration)		
Class B1 Notes:	42.2 per cent.	57.8 per cent.	95 per cent.
Class B2 Notes:	42.2 per cent.	57.8 per cent.	95 per cent.
Class C1 Notes:	-	100 per cent.	55 per cent.

Ordinary shares making up part of the consideration above would be issued at a fixed price of 7.75 pence per share.

Individual funds or subsidiaries of such funds advised or managed by Alchemy Special Opportunities LLP, Avenue Europe International Management LP, Angelo, Gordon & Co LP, Glenview Capital Management LLC, Luxor Capital Group LP, Oaktree Capital Management LP and Warwick Capital Partners LLP would subscribe for a further £8.4 million in principal amount of additional Class B3 Notes to be issued for an aggregate cash consideration of £7.0 million (such additional Class B3 Notes to be allocated among the funds managed by the institutions above pro rata to their projected respective shareholdings in the Company following implementation of the Proposals).

Issue of ordinary shares by the Company

The Company would issue 2,483 million ordinary shares as part of the debt-for-equity swap described above.

In addition, the Company would issue a further 1,290 million ordinary shares at 3.88 pence per share to be allocated between individual funds or subsidiaries of such funds advised or managed by the following institutions and in the following amounts (the Firm Placing):

Institution	Number of shares
Alchemy Special Opportunities LLP	38.7 million
Avenue Europe International Management LP	366.9 million
Angelo, Gordon & Co LP	61.3 million
Glenview Capital Management LLC	478.8 million
Luxor Capital Group LP	257.2 million
Oaktree Capital Management LP	61.3 million
Warwick Capital Partners LLP	25.8 million
Total:	**1,290 million**

Following implementation of the Proposals, the Company's issued share capital would be divided approximately as follows:

Shareholder group	Percentage of issued share capital	Number of shares
Existing Shareholders	15.0 per cent.	666 million
Holders of junior notes in Punch A	13.2 per cent.	585 million
Holders of junior notes in Punch B	42.8 per cent.	1,898 million
Firm Placing purchasers	29.0 per cent.	1,290 million
Total:	**100.0 per cent.**	**4,439 million**

Additional financial information

Absent a default occurring in Punch A and/or Punch B, the Punch group currently expects to generate underlying EBITDA of between £201 million and £209 million in the current financial year. This guidance replaces any previous profit guidance provided for the financial year to August 2014:

	EBITDA[1]
Punch Group 52 weeks to 16 August 2014	£197m - £205m
- Additional 53rd week	£4m
FY14 Punch Group EBITDA to 23 August 2014	£201m - £209m

[1] EBITDA before non-underlying items. The current financial year ending 23 August 2014 will include an additional 53rd week