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## Christmas pub sales go flat at Punch Taverns

Matthew Goodman

EMBATTLED pub company Punch Taverns is expected to report tough trading over the festive season, with like-for-like sales likely to be down about 5% across the bulk of its estate.

Its annual shareholders' meeting is due on Wednesday, when the board may face hostile questioning over prospects for the group, whose shares have dropped almost 90% over the past year on worries over its £4.5 billion debts.

While there was some respite for the shares on Friday on hopes that the meeting will reveal no deterioration in Punch's performance since its last update to the market in November, the outlook for the company remains gloomy.

"I expect Punch's like-for-like performance to be broadly similar to the last update, with a poor early December offset by stronger trading over Christmas and new year," said Matthew Gerard, leisure analyst at Investec Securities, a stockbroker.

Despite this, life is going to get tougher. Analysts at Morgan Stanley, joint broker to Punch, expect that the company will have to pay out more this year in financial support to the beleaguered tenants who run its pubs.

"We expect the company to announce that rent concessions and tenant support have increased in the quarter – these totalled £14m in 2008," it said in a research note on Friday.

The group is seeking to address its problems by offloading about 500 of its worst-performing pubs, but some observers are sceptical that it will be able to sell these for a decent price.

Meanwhile, 3D Entertainment, a bar group part-owned by Luminar, the quoted club operator, has transferred 28 units – representing almost a third of its estate – to nightclub entrepreneur Martin King, who will run them under licence.

The decision will leave 3D to concentrate on its Chicago Rock Cafe bar chain.

Luminar has a 49% stake in 3D. The other shareholders are Prestbury, the property group, and management. Intercontinental Hotels Group (IHG) will this week announce a big expansion in Germany.

IHG, the world's biggest hotel group, has signed a development agreement with Foremost Hospitality to open 20 new hotels under its Holiday Inn and Holiday Inn Express brands by 2016.

The deal will take to 75 the total number of Holiday Inn properties in Germany.

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