

26 September 2006

ENTERPRISE INNS plc

PRE-CLOSE PERIOD TRADING UPDATE

Enterprise Inns plc (ETI), which will be announcing its preliminary results for the year ending 30th September 2006 on 21st November 2006, provides an update on trading.

ETI is pleased to announce that the business has continued to perform well and the Board expects that both profit before tax and earnings per share will be in line with its expectations. With continued focus on improving the quality and earnings potential of our pubs, we are pleased that weighted average EBITDA per pub has increased by more than 5% over the past year. This has been achieved despite subdued increases in rental levels as we seek to help licensees manage substantial increases in overheads, especially utilities and business rates.

As expected, licensing reform has had a minimal impact on trade but has clearly shown benefits in terms of a reduction in alcohol related disorder, where flexible trading hours have helped to foster a more relaxed atmosphere, particularly around pub closing times. Furthermore, the pub trade has worked hard, with significant success, to reduce the irresponsible pricing and promotions which were seen to encourage excessive consumption. We are pleased that the Government is at last taking more seriously the pricing of alcohol in supermarkets, where cheap beer, sometimes sold below cost price, is regularly used as a marketing tactic to attract additional customers, with the unfortunate side effect of providing very low cost alcohol for consumption in a completely uncontrolled environment. In particular, we support the efforts of the brewers who are seeking to work with the supermarkets to encourage more responsible pricing in this important market place.

With just 138 pubs in Scotland, we have relatively little exposure to the impact of the smoking ban, introduced in March this year. Unsurprisingly, we have noted that there is a greater impact on consumption in drinks orientated pubs, which in turn has an adverse impact on gaming machine income. Above all, it is clear that any negative effects are minimised where licensees prepare for the ban. With this in mind, we are working closely with our licensees across England and Wales and are confident that our estate will be well placed to minimise the risks and maximise the opportunities that the forthcoming ban will bring.

Following our recent refinancing, together with the sale of 769 pubs to Admiral Taverns for £318 million, we have increased our share buy back programme. As at 25th September 2006, we had purchased into Treasury or for cancellation 41 million shares at an average price of £9.26 leaving 301 million shares in issue, excluding shares held in the Employee Benefit Trust.

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