

PUBMASTER FINANCE

FINANCIAL REPORT – MARCH 2005 QUARTER

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Basis of Preparation

The financial reporting period for Punch Taverns (PMH) Limited and its subsidiaries (“the Securitised Group”) is determined by reference to the original closing date of 30 June 1999.

The consolidated balance sheet of the Securitised Group on page 8 has been prepared adopting Merger Accounting Rules.

The current quarter results represent the 12 week period to 5 March 2005

Quarter end dates for the current financial year, to which future reports will be prepared are as follows:

28 May 2005

20 August 2005

Profit Commentary

Turnover and EBITDA

EBITDA of £28.4 million for the 12 weeks under review represents 50.1% of turnover. This compares with 49.2% for the cumulative 47 weeks ended 21 August 2004.



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Debt Service Cover Ratio (DSCR)

This is calculated as follows (see profit and loss account on page 7) :

	<u>12 weeks ending</u> <u>5 March 2005</u>	<u>28 weeks ending</u> <u>5 March 2005</u>
Number of Pubs at Period End	2,913	2,913
	<u>£m</u>	<u>£m</u>
EBITDA	28.4	66.5
Interest payable	14.2	33.0
Interest receivable	(0.7)	(1.7)
NET INTEREST	13.5	31.3
Capital repayment (see note)	4.0	4.0
DEBT SERVICE	17.5	35.3
DSCR - Quarter / Year to date	1.62 times	1.89 times
- Rolling 2 quarter	1.89 times	
- Rolling 4 quarter	1.99 times	

The above performance compares favourably with the covenant of 1.5 times - allows dividends to be paid (see upstreaming - page 5).

Note: Following prepayment of Class A1 and A4 notes in September 2003, capital repayments commenced on 30 December 2004. Capital repayments are calculated on a forward accruals basis, which is consistent with the interest charge.

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Interest and Capital Payments

	12 weeks to 5 March 2005 £m	28 weeks to 5 March 2005 £m
Interest Payments		
A1	1.0	2.0
A2	0.4	0.8
A3	3.7	7.4
A4	0.7	1.4
A5	1.6	3.2
A6	3.3	6.6
B1	1.6	3.2
B2	2.2	4.4
Swap costs	0.5	1.1
Other	0.3	0.7
	<u>15.3</u>	<u>30.8</u>

	12 weeks to 5 March 2005 £m	28 weeks to 5 March 2005 £m
Capital Repayment		
A1	3.4	3.4
A4	2.3	2.3
	<u>5.7</u>	<u>5.7</u>

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Net Worth

This is calculated as follows (see balance sheet on page 8):

	<u>At 5 March 2005</u> <u>£m</u>
Share Capital	84.0
Profit & Loss Account – Post Merger	21.4
Other Adjustments	15.3
Subordinated Borrower Loan (including unpaid interest accrued)	165.5
TOTAL NET WORTH	<u><u>286.2</u></u>

This compares favourably with the covenant of £115 million at March 2005.

Upstreaming

The following payments to Punch Taverns (PMG) Limited were made after interest payments in accordance with Permitted Restricted Payment terms and the terms of the Subordinated Borrower Loan Agreement:

	<u>12 weeks ending</u> <u>5 March 2005</u> <u>£m</u>	<u>39 weeks ending</u> <u>5 March 2005</u> <u>£m</u>
Permitted Restricted Payment	-	18.8
Amount equal to tax credit available on the interest accrued on the Subordinated Borrower Loans	<u>2.0</u>	<u>5.9</u>
	<u><u>2.0</u></u>	<u><u>24.7</u></u>

Net cashflow for the 4 quarters to 5 March 2005 amounts to £51.1 million and aggregate Restricted Payments made during that period amount to £28.2 million.

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Estate Development

The movement in the number of pubs in the estate is as follows:

Number of Pubs	Core	Non-Core	Total
At 11 December 2004	2,845	70	2,915
Permitted Acquisitions	-	-	-
Permitted Disposals	(2)	-	(2)
At 5 March 2005	<u>2,843</u>	<u>70</u>	<u>2,913</u>

The net realisable proceeds from the Permitted Disposals have been deposited into the Churn Account.

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PROFIT AND LOSS ACCOUNT

	12 weeks ending 5 March 2005 <u>£m</u>	28 weeks ending 5 March 2005 ¹ <u>£m</u>
Turnover		
Beer Income	35.9	84.4
Rent	12.9	29.6
Machine Income	2.6	6.1
Other Income	5.2	12.6
	56.6	132.7
Gross Profit		
Beer	17.4	41.2
Rent	12.9	29.6
Machines	2.6	6.1
Other	1.4	3.4
	34.3	80.3
Operating Costs	(5.9)	(13.8)
	28.4	66.5
EBITDA		
Depreciation	(1.4)	(2.8)
Loss on sale of assets	(1.2)	(1.2)
Exceptional costs	(0.4)	(0.5)
Cash Interest payable	(14.2)	(33.0)
Subordinated loan interest	(6.4)	(14.9)
Cash Interest receivable	0.7	1.7
Amortisation of Issue Costs	-	0.1
	5.5	15.9
Profit before Tax		
Taxation	(0.8)	(2.7)
	4.7	13.2
Profit after Tax		

¹ Restated to include an adjustment to operating cost apportionment.

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CONSOLIDATED BALANCE SHEET

	As at 5 March 2005 <u>£m</u>	As at 21 August 2004 ¹ <u>£m</u>
Fixed Assets		
Tangible Fixed Assets	1,235.4	1,228.3
Debtors		
Trade	16.9	18.0
Prepayments	6.9	5.0
	23.8	23.0
Cash at Bank	63.1	59.4
CURRENT ASSETS	86.9	82.4
Creditors: amounts falling due within one year		
Loans	(24.4)	(17.7)
Trade Creditors	(14.2)	(19.1)
Other Creditors	(7.9)	(7.2)
Corporation Tax	(12.9)	(11.3)
Social Security and Other Taxes	(1.9)	(3.8)
Accruals and Deferred Income	(19.2)	(17.1)
	(80.5)	(76.2)
NET CURRENT ASSETS	6.4	6.2
TOTAL ASSETS LESS CURRENT LIABILITIES	1,241.8	1,234.5
Creditors: amounts falling due after more than one year		
Loans	(860.4)	(872.9)
Provisions for Liabilities and Charges	(6.6)	(6.9)
Net amounts due from group undertakings	7.7	8.9
NET ASSETS	382.5	363.6
Capital and Reserves		
Share Capital	84.0	84.0
Revaluation Reserve	240.3	239.6
Merger Reserve	(84.0)	(84.0)
Subordinated Loan Funding	165.5	159.8
Profit and Loss Reserves	(36.5)	(22.8)
Profit / (Loss) for the period	13.2	(13.0)
TOTAL SHAREHOLDERS' FUNDS	382.5	363.6

¹ The prior year balance sheet has been restated to reflect the payments relating to a long term incentive plan which were settled as part of the acquisition in 2003.

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CONSOLIDATED CASH FLOW

	12 weeks ending 5 March 2005 <u>£m</u>	28 weeks ending 5 March 2005 <u>£m</u>
Net Cash Inflow from Operating Activities	30.2	69.0
Returns on Investment and Servicing of Finance		
- Interest Paid	(15.3)	(30.8)
- Interest Receivable	0.7	1.7
	<u>(14.6)</u>	<u>(29.1)</u>
Taxation	<u>(1.0)</u>	<u>(1.0)</u>
Capital Expenditure and Financial Investment		
- Investment spend on Existing Pubs	(6.8)	(11.2)
- Receipt from Sale of Pubs	0.8	3.5
	<u>(6.0)</u>	<u>(7.7)</u>
Net Cash Inflow Before Financing	8.6	31.2
Financing		
- Loans repaid	(5.7)	(5.7)
- Amounts paid to other group undertakings	(1.0)	(21.8)
	<u>(6.7)</u>	<u>(27.5)</u>
Net Increase in Cash	<u>1.9</u>	<u>3.7</u>



PUBMASTER FINANCE

FINANCIAL RATIO COMPLIANCE CERTIFICATE

1 We hereby certify without incurring any personal liability for the same that for the Financial Period ended 5 March 2005:

a) the Debt service cover ratio of 1.62 times and

b) the Net worth of £286.2 million

have been calculated on the Agreed Basis, as supported by the detailed calculations set out in this report and in accordance with Clause 15 of the Amended and Restated Issuer/Borrower Facility Agreement dated 28 November 2002.

c) No Pubmaster Event of Default or Potential Event of Default (which in either case, has not been previously notified to the Security Trustee) has occurred.

2 On 23 December 2004 Punch Taverns (PPCS) Limited, a company within the Punch Taverns group but outside of this securitisation, entered into a two year drinks delivery contract with Carlsberg UK to provide a service to all pubs within the Punch Taverns group. This securitisation receives the benefit of this contract via the existing 'back to back' supply agreement it has with Punch Taverns (PPCS) Limited

We hereby confirm that so far as we are aware, without incurring any personal liability for the same as at the date of this report.

a) No material amendments have been made to Material Contracts, no Material Contracts have been terminated, no new Material Contracts have been entered into, with the exception of the delivery contract noted above, and no Material Contracts have been assigned, and

b) no new franchise agreements or licenses have been entered into which we consider, acting in good faith, to be material to the interests of the Issuer and the Security Trustee.

since the date of the last Financial Ratio Compliance Certificate.

3 We hereby certify without incurring any personal liability for the same that the aggregate effect of all Relevant Changes during the period from the Closing Date to the 5 March 2005 has not reduced the TA Receivables payable in that financial period by an amount greater than 10 per cent of the Total Contracted Rent amount which would otherwise have been payable but for those Relevant Changes.

4 The terms used in the Financial Ratio Compliance Certificate that are not defined herein shall have the meaning given to them in the Master Definitions and Construction Schedule dated 30 June 1999 (amended on 28 November 2002).

R McDonald
Finance Director

N Preston
Director

April 2005