



**PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

FINANCIAL REPORT – MARCH 2007 QUARTER

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PUNCH TAVERNS FINANCE
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FINANCIAL REPORT – MARCH 2007 QUARTER

Introduction

This report covers the 12 week period to 3 March 2007, which is the second quarter of the 2006/07 financial year.

This report is prepared under UK Generally Accepted Accounting Principles ("UK GAAP") and excludes any impact of International Financial Reporting Standards ("IFRS").

Profit Commentary

Trading results for the 12 week period were as follows:

- **Sales**

Turnover for the 12 week period to 3 March 2007 was £97.9m, of which rent contributed 29.5%, up from 28.5% in Q2 2005/06.

- **Gross Profits**

The total gross profit in the 12 week period to 3 March 2007 was £65.2m which gave a gross profit margin of 67.3%, up from 66.0% in Q2 2005/06.

- **Operating Margin and EBITDA**

Operating margin for the 12 week period to 3 March 2007 was 60.0% resulting in an EBITDA of £58.8m. This is an increase of 4.8% as compared to Q2 2005/06 when EBITDA was £56.1m.

EBITDA of £246.2m for the 52 weeks to 3 March 2007 compares favourably to the run rate of £237m as stated in the Offering Circular.

Adrian Fawcett, Chief Operating Officer, left the business on 31 March 2007. He has been replaced as Managing Director: Leased by Deborah Kemp.



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Estate Portfolio

- 11 pub disposals were made during the quarter, for net proceeds of £3.6m, resulting in a closing estate of 4,002.

	<u>Quarter 2</u>	<u>YTD</u>
	12 weeks to	28 weeks to
	3 March	3 March
	2007	2007
Number of Pubs		
Opening	4,014	4,020
Acquisitions	-	-
Other ¹	(1)	(1)
Disposals	(11)	(17)
End of Period	<u>4,002</u>	<u>4,002</u>

¹ In the current quarter 1 pub has been delicensed. In the year to date 1 pub was delicensed, 1 pub was licensed and the head lease was surrendered on 1 pub.

Investment in Assets

	<u>Quarter 2</u>	<u>YTD</u>
	12 weeks to	28 weeks to
	3 March	3 March
	2007	2007
	<u>£m</u>	<u>£m</u>
Payments to acquire new pubs	-	-
Payments to acquire freehold interests in pubs ¹	-	13.8
Spend on existing pubs	10.3	28.8
Spend on other assets	0.4	1.1
Total Spend on Estate	<u>10.7</u>	<u>43.7</u>
Disposal Proceeds²	<u>3.7</u>	<u>7.4</u>

¹ During the year to date the freehold interests were acquired on 69 pubs that were already operated by the Securitised Group.

² Disposal proceeds in the quarter include £0.1m relating to sales of other assets. The proceeds in the year to date include £0.2m relating to land and other sales.



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Debt Service Cover Ratio (DSCR)

This is calculated as follows (see profit and loss account on page 6):

	<u>Quarter 2</u>	<u>Rolling 2</u>
	12 weeks to	28 weeks to
	3 March	3 March
	2007	2007
	<u>£m</u>	<u>£m</u>
EBITDA	58.8	133.0
Interest Payable	29.4	68.4
Interest Receivable	(0.6)	(2.2)
Capital Repayments ¹	7.1	16.4
	35.9	82.6
Debt Service Cover Ratio	1.64 : 1	1.61 : 1

¹ Calculated on a forward accruals basis.

Interest and Capital Payments

	<u>Quarter 2</u>	<u>YTD</u>
	12 weeks to	28 weeks to
	3 March	3 March
	2007	2007
	<u>£m</u>	<u>£m</u>
Interest Payments		
A1	4.9	9.8
A2	5.2	10.3
A3	1.1	2.2
B1	2.6	5.2
B2	3.2	6.4
C	3.5	7.0
M1	2.9	5.9
M2	6.3	12.1
Swap costs	1.4	3.3
Other	0.6	1.1
	31.7	63.3
Capital Repayment		
A3	7.7	15.3



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Restricted Payments

The following payments to Punch Taverns Intermediate Holdings Limited can be made during the current financial year in accordance with the Permitted Restricted Payment terms (Clause 16.4(b) of IBFA):

	<u>Relevant Period</u> <u>52 weeks</u> <u>ending 19</u> <u>August 2006</u> <u>£m</u>
Excess Cash	88.1
Less: Capex in relevant period	(46.7)
Add: Capex funded from DPA	16.3
Available Excess Cash Amount	<u>57.7</u>
Restricted Payment Excess Cash	73.0
Tax due on the accrual of interest on the Borrower Subordinated Loans	29.5
	<u>102.5</u>
Less: Restriction to ensure total does not exceed Available Excess Cash Amount	(44.8)
	<u>57.7</u>
Utilisation to date:	
Q1 2006/07 – Repayment of Borrower subordinated loan accrued interest	40.0
Q2 2006/07 – Repayment of Borrower subordinated loan accrued interest	10.0
	<u>50.0</u>



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PROFIT AND LOSS ACCOUNT

	<u>Quarter 2</u> <u>12 weeks</u> <u>to</u> <u>3 March</u> <u>2007</u> <u>£m</u>	<u>YTD</u> <u>28 weeks</u> <u>to</u> <u>3 March</u> <u>2007</u> <u>£m</u>
Turnover		
Beer (net of discounts)	57.5	134.9
Rent	28.9	66.9
Machines	3.6	7.8
Other	7.9	19.5
Total Turnover	<u>97.9</u>	<u>229.1</u>
Gross Profit		
Beer	30.3	70.2
Rent	28.9	66.9
Machines	3.6	7.8
Other	3.2	7.6
Total Gross Profit	<u>66.0</u>	<u>152.5</u>
Operating Costs	(7.2)	(19.5)
EBITDA	<u>58.8</u>	<u>133.0</u>
Loss on Disposal	(1.5)	(1.4)
Depreciation and Amortisation	(2.0)	(4.5)
Exceptional Credits ¹	0.1	-
Cash Interest Receivable	0.6	2.2
Cash Interest Payable	(29.4)	(68.4)
Non-Cash Interest Charge	(0.6)	(1.4)
Subordinated Loan Interest	(23.5)	(55.1)
Profit Before Taxation	<u>2.5</u>	<u>4.4</u>
Taxation	(1.2)	(1.8)
Profit After Taxation	<u><u>1.3</u></u>	<u><u>2.6</u></u>

¹ Exceptional credits relate to the release of an accrual to offset previously incurred licence reform costs.



PUNCH TAVERNS FINANCE
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CONSOLIDATED BALANCE SHEET

	As at 3 March 2007 £m	As at 19 August 2006 £m
Fixed Assets		
Goodwill	(5.4)	(5.6)
Tangible Fixed Assets	2,545.3	2,515.3
	2,539.9	2,509.7
Debtors		
Trade	27.1	24.6
Prepayments	13.2	16.4
	40.3	40.9
Cash at Bank and In Hand	52.9	102.0
CURRENT ASSETS	93.2	143.0
Creditors: amounts falling due within one year		
Loans	(31.1)	(29.9)
Trade Creditors	(3.4)	(6.7)
Other Creditors	(24.1)	(23.1)
Corporation Tax	2.4	4.1
Social Security and Other Taxes	(8.1)	(6.9)
Accruals and Deferred Income	(43.1)	(39.5)
	(107.4)	(102.0)
NET CURRENT (LIABILITIES)/ASSETS	(14.2)	41.0
TOTAL ASSETS LESS CURRENT LIABILITIES	2,525.7	2,550.7
Creditors: amounts falling due after more than one year		
Loans	(1,697.6)	(1,713.0)
Accruals and Deferred Income	(2.7)	(2.9)
	(1,700.3)	(1,715.9)
Provisions for Liabilities and Charges	(75.0)	(73.8)
Amounts due from Group Undertakings	359.3	338.8
NET ASSETS	1,109.7	1,099.8
Capital and Reserves		
Share Capital	-	-
Share Premium	2,963.3	2,963.3
Capital Reserve	32.5	33.0
Intercompany Funding ¹	(2,987.9)	(2,987.9)
Revaluation Reserve	366.0	365.7
Subordinated Loan Funding	681.0	675.9
Profit and Loss Reserves	52.1	33.5
Profit / (Loss) for the period	2.7	16.3
TOTAL SHAREHOLDERS' FUNDS	1,109.7	1,099.8

¹ Represents Punch Taverns (PR) Limited intercompany balances with Punch Taverns (PRAF) Limited and Punch Retail (PRAC) Limited.



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CONSOLIDATED CASH FLOW

	<u>Quarter 2</u> 12 weeks to 3 March 2007 £m	<u>YTD</u> 28 weeks to 3 March 2007 £m
Operating profit	56.8	128.5
Depreciation and amortisation	2.0	4.5
Cash flows on exceptional items	0.1	-
Decrease/(increase) in working capital	1.2	(15.8)
Net Cash Inflow From Operating Activities	60.1	117.2
Returns on Investment and Servicing of Finance		
Interest paid	(31.9)	(63.5)
Interest received	0.7	2.2
	(31.2)	(61.3)
Taxation Payments	-	-
Capital Expenditure and Financial Investment		
Payments to acquire new pubs	-	-
Payments to acquire freehold interests in pubs	-	(13.8)
Investment spend on fixed assets	(10.7)	(29.9)
Receipt from sale of fixed assets	3.7	7.4
	(7.0)	(36.3)
Net Cash Inflow Before Financing	21.9	19.6
Financing		
Loan repaid	(7.7)	(15.3)
Amounts paid to other group undertakings	(11.7)	(53.4)
	(19.4)	(68.7)
NET INCREASE/(DECREASE) IN CASH	2.5	(49.1)



PUNCH TAVERNS FINANCE
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FINANCIAL RATIO COMPLIANCE CERTIFICATE

To: Security Trustee

1. We, Robert McDonald and Neil Preston each being a director of Punch Taverns (PTL) Limited **HEREBY CERTIFY** without incurring any personal liability for the same, that for the Financial Quarter just ended:

- (a) the Debt Service Cover Ratio for the period of two Financial Quarters ending on 3 March 2007 was 1.61 :1
- (b) for the purposes of calculating the above, the following values were relevant for the Financial Quarter just ended:

	<u>Relevant Period</u> 28 weeks to 3 March 2007
Debt Service (£m)	82.6
Interest Charges (£m)	68.4
EBITDA (£m)	133.0

- (c) in addition, the following values were relevant for the Financial Quarter just ended:

Outlet EBITDA	£63.2m																					
The average and final balance of each of the Securitisation Group Entity Accounts:	<table border="1"> <thead> <tr> <th></th> <th align="center">Average Balance (£m)</th> <th align="center">Final Balance (£m)</th> </tr> </thead> <tbody> <tr> <td>Acquisition Reserve A/c</td> <td align="center">0.1</td> <td align="center">0.1</td> </tr> <tr> <td>Disposal Proceeds A/c</td> <td align="center">6.3</td> <td align="center">6.2</td> </tr> <tr> <td>Controlled Cash A/c</td> <td align="center">20.8</td> <td align="center">21.3</td> </tr> <tr> <td>Stamp Duty Reserve A/c</td> <td align="center">-</td> <td align="center">-</td> </tr> <tr> <td>Collections A/c</td> <td align="center">33.4</td> <td align="center">31.0</td> </tr> <tr> <td>Payments A/c</td> <td align="center">(4.9)</td> <td align="center">(5.2)</td> </tr> </tbody> </table>		Average Balance (£m)	Final Balance (£m)	Acquisition Reserve A/c	0.1	0.1	Disposal Proceeds A/c	6.3	6.2	Controlled Cash A/c	20.8	21.3	Stamp Duty Reserve A/c	-	-	Collections A/c	33.4	31.0	Payments A/c	(4.9)	(5.2)
	Average Balance (£m)	Final Balance (£m)																				
Acquisition Reserve A/c	0.1	0.1																				
Disposal Proceeds A/c	6.3	6.2																				
Controlled Cash A/c	20.8	21.3																				
Stamp Duty Reserve A/c	-	-																				
Collections A/c	33.4	31.0																				
Payments A/c	(4.9)	(5.2)																				
CapEx Amounts expended	£10.7m for the quarter (Minimum Maintenance CapEx Amount required of £4.4m per annum)																					
Number of Punch Taverns Mortgaged Properties disposed of or acquired	Disposals – 11 Acquisitions – nil																					
Number of Pubs in Portfolio	4,002																					
Weighted Average Return on all CapEx Amounts spent on all trading Pubs (in accordance with clause 16.8(c) of IBFA)	22.5%																					



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Free Cash Flow	Not tested this quarter
Excess Cash	Not tested this quarter
Restricted Payment Excess Cash	Not tested this quarter
Net Worth	Not tested this quarter

- (d) As of the date of this Certificate, no Borrower Event of Default or Potential Borrower Event of Default (which in either case, has not previously been notified to the Security Trustee) has occurred;
2. In accordance with Clause 16.1(o) of the Issuer/Borrower Facility Agreements, we confirm that:
- (a) during the quarter, the existing Supply Agreement with Carlsberg UK has been terminated and replaced with a new agreement; and
- (b) there have been no new franchise agreements and licences which we consider, acting in good faith, to be material to the interests of the Issuer and the Security Trustee.

Dated: 17 April 2007

Signed for and on behalf of
Punch Taverns (PTL) Limited

.....
Finance Director

.....
Director