



## PUBMASTER FINANCE

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# FINANCIAL REPORT – MAY 2005 QUARTER

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## PUBMASTER FINANCE

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### FINANCIAL REPORT – MAY 2005 QUARTER

#### 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 28 May 2005.

#### Profit Commentary

##### Turnover and EBITDA

- EBITDA of £31.3 million for the 12 weeks under review represents 52.4% of turnover. This compares with 49.2% for the cumulative 47 weeks ended 21 August 2004. EBITDA per pub has improved by 7% compared to the 12 weeks ended 29 May 2004.
- Turnover has grown by 5.5% since the last quarter results caused largely by a wholesale price increase on a big proportion of our beer brands. Growth has been seen however in all income streams including rent as a consequence of investment, rent reviews, indexation and lease renewals.
- The growth in turnover flows through to the growth in margin of 6% against prior quarter.
- EBITDA of £126.8m for the 52 weeks to 28 May 2005 compares favourably to an EBITDA of £121.7m for the 52 weeks to 29 May 2004 despite a reduction in the number of pubs by 2.6%.



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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>28 May 2005</u>	<u>40 weeks ending</u> <u>28 May 2005</u>
Number of Pubs at Period End	2,913	2,913
	<u>£m</u>	<u>£m</u>
<b>EBITDA</b>	<b>31.3</b>	<b>97.8</b>
Interest payable	14.2	47.2
Interest receivable	(0.7)	(2.3)
<b>NET INTEREST</b>	<b>13.5</b>	<b>44.9</b>
Capital repayment (see note)	5.4	9.5
<b>DEBT SERVICE</b>	<b>18.9</b>	<b>54.4</b>
<b>DSCR - Quarter / Year to date</b>	<b>1.65 times</b>	<b>1.80 times</b>
- Rolling 2 quarter	1.64 times	
- Rolling 4 quarter	1.87 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**

	<b>12 weeks to 28 May 2005 £m</b>	<b>40 weeks to 28 May 2005 £m</b>
<b>Interest Payments</b>		
A1	1.0	3.0
A2	0.4	1.2
A3	3.7	11.1
A4	0.7	2.1
A5	1.6	4.8
A6	3.3	9.9
B1	1.6	4.8
B2	2.2	6.6
Swap costs	0.5	1.6
Other	0.3	1.0
	<u><b>15.3</b></u>	<u><b>46.1</b></u>

	<b>12 weeks to 28 May 2005 £m</b>	<b>40 weeks to 28 May 2005 £m</b>
<b>Capital Repayment</b>		
A1	3.4	6.8
A4	2.5	4.8
	<u><b>5.9</b></u>	<u><b>11.6</b></u>

## PUBMASTER FINANCE

### FINANCIAL REPORT – MAY 2005 QUARTER

#### Net Worth

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

	<u>At 28 May 2005</u> <u>£m</u>
Share Capital	84.0
Profit & Loss Account – Post Merger	29.7
Other Adjustments	15.3
Subordinated Borrower Loan (including unpaid interest accrued)	148.9
<b>TOTAL NET WORTH</b>	<b>277.9</b>

This compares favourably with the covenant of £115 million at May 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>28 May 2005</u> <u>£m</u>	<u>51 weeks ending</u> <u>28 May 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	2.0	7.9
	2.0	26.7

Net cashflow for the 4 quarters to 28 May 2005 amounts to £47.0 million and aggregate Restricted Payments made during that period amount to £26.7 million.

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**Estate Development**

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

<b>Number of Pubs</b>	<b>Core</b>	<b>Non-Core</b>	<b>Total</b>
<b>At 5 March 2005</b>	<b>2,843</b>	<b>70</b>	<b>2,913</b>
Permitted Acquisitions	-	-	-
Permitted Disposals	-	-	-
<b>At 28 May 2005</b>	<b><u>2,843</u></b>	<b><u>70</u></b>	<b><u>2,913</u></b>



## PUBMASTER FINANCE

### PROFIT AND LOSS ACCOUNT

	12 weeks ending 28 May 2005 <u>£m</u>	40 weeks ending 28 May 2005 <u>£m</u>
<b>Turnover</b>		
Beer Income	38.5	122.9
Rent	13.0	42.6
Machine Income	2.8	8.9
Other Income	5.4	18.0
	<b>59.7</b>	<b>192.4</b>
 <b>Gross Profit</b>		
Beer	19.0	60.2
Rent	13.0	42.6
Machines	2.8	8.9
Other	1.5	4.9
	<b>36.3</b>	<b>116.6</b>
 Operating Costs	(5.0)	(18.8)
 <b>EBITDA</b>	<b>31.3</b>	<b>97.8</b>
Depreciation	(1.1)	(3.9)
Loss on sale of assets	(0.1)	(1.3)
Exceptional costs	(0.3)	(0.9)
Cash Interest payable	(14.2)	(47.2)
Subordinated loan interest	(6.5)	(21.4)
Cash Interest receivable	0.7	2.3
Amortisation of Issue Costs	-	0.1
	<b>9.8</b>	<b>25.5</b>
 Taxation	(1.5)	(4.2)
 <b>Profit after Tax</b>	<b>8.3</b>	<b>21.3</b>

## PUBMASTER FINANCE

### CONSOLIDATED BALANCE SHEET

	As at 28 May 2005 <u>£m</u>	As at 21 August 2004 <sup>1</sup> <u>£m</u>
<b>Fixed Assets</b>		
Tangible Fixed Assets	1,242.8	1,228.3
<b>Debtors</b>		
Trade	16.9	18.0
Prepayments	7.4	5.0
	24.3	23.0
Cash at Bank	68.6	59.4
<b>CURRENT ASSETS</b>	<b>92.9</b>	<b>82.4</b>
<b>Creditors: amounts falling due within one year</b>		
Loans	(25.0)	(17.7)
Trade Creditors	(17.7)	(19.1)
Other Creditors	(8.2)	(7.2)
Corporation Tax	(14.4)	(11.3)
Social Security and Other Taxes	(2.0)	(3.8)
Accruals and Deferred Income	(17.4)	(17.1)
	(84.7)	(76.2)
<b>NET CURRENT ASSETS</b>	<b>8.2</b>	<b>6.2</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,251.0</b>	<b>1,234.5</b>
<b>Creditors: amounts falling due after more than one year</b>		
Loans	(853.9)	(872.9)
Provisions for Liabilities and Charges	(6.5)	(6.9)
Net amounts due (to) / from group undertakings	(16.5)	8.9
<b>NET ASSETS</b>	<b>374.1</b>	<b>363.6</b>
<b>Capital and Reserves</b>		
Share Capital	84.0	84.0
Revaluation Reserve	240.3	239.6
Merger Reserve	(84.0)	(84.0)
Subordinated Loan Funding	148.9	159.8
Profit and Loss Reserves	(36.5)	(22.8)
Profit / (Loss) for the period	21.4	(13.0)
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>374.1</b>	<b>363.6</b>

<sup>1</sup> 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**

	<b>12 weeks ending 28 May 2005 £m</b>	<b>40 weeks ending 28 May 2005 £m</b>
<b>Net Cash Inflow from Operating Activities</b>	37.9	106.9
<b>Returns on Investment and Servicing of Finance</b>		
- Interest paid	(15.3)	(46.1)
- Interest receivable	0.5	2.2
	<u>(14.8)</u>	<u>(43.9)</u>
<b>Taxation</b>	<u>-</u>	<u>(1.0)</u>
<b>Capital Expenditure and Financial Investment</b>		
- Investment spend on fixed assets	(8.6)	(19.8)
- Receipt from disposal of fixed assets	-	3.5
	<u>(8.6)</u>	<u>(16.3)</u>
<b>Net Cash Inflow Before Financing</b>	14.5	45.7
<b>Financing</b>		
- Loans repaid	(5.9)	(11.6)
- Amounts paid to other group undertakings	(3.0)	(24.8)
	<u>(8.9)</u>	<u>(36.4)</u>
<b>Net Increase in Cash</b>	<u><u>5.6</u></u>	<u><u>9.3</u></u>



## PUBMASTER FINANCE

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### FINANCIAL RATIO COMPLIANCE CERTIFICATE

- 1 We hereby certify without incurring any personal liability for the same that for the Financial Period ended 28 May 2005:
  - a) the Debt service cover ratio of 1.65 times and
  - b) the Net worth of £277.9 millionhave 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 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 those previously disclosed, 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 28 May 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).

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*R McDonald*  
**Finance Director**

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*N Preston*  
**Director**

July 2005