



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

FINANCIAL REPORT – DECEMBER 2005 QUARTER

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Basis of Preparation

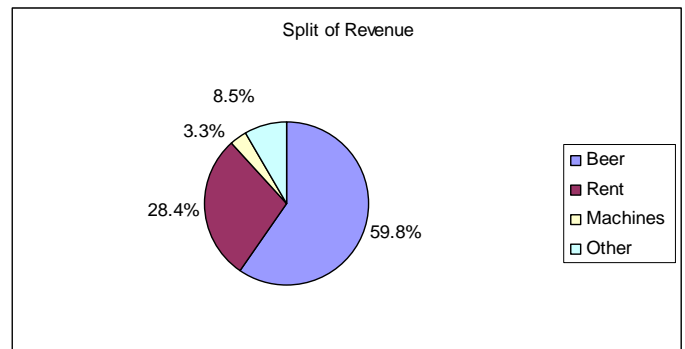
The financial reporting period for Punch Taverns Holdings Limited and its subsidiaries (“The Securitised Group”) is determined by reference to the closing date of 3 November 2003. This report covers the sixteen week period to 10 December 2005, which is the first quarter of the 2005/06 financial year.

Profit Commentary

Trading results for the sixteen week period are as follows:

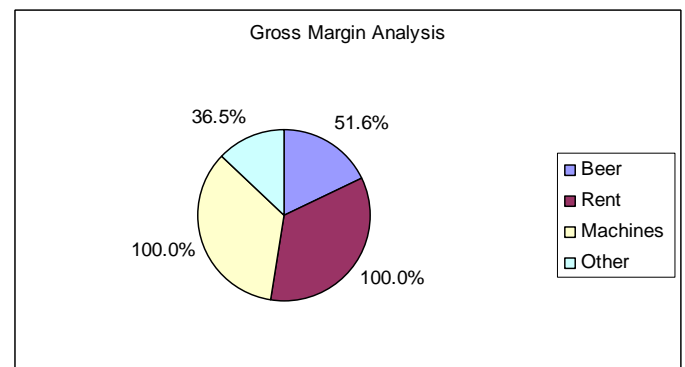
• **Turnover**

- The breakdown of turnover shows a continuing increase in the proportion contributed by rental income driven by the ongoing conversion of our estate onto Secure Retailer Agreements.
- The additional discounts granted for Secure Retailer Agreements conversely marginally reduce net beer income.
- Absolute rents receivable are 3% higher than in the comparable quarter in the prior year.



• **Gross Profits**

Total gross profit margin is 66%.



The new licensing regime came into force during the quarter, on 24 November 2005.

In addition, on 5 January 2006 Punch Taverns plc announced the completion of the acquisition of Spirit Group by another company within the Punch Taverns Group.



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- **Estate**
 - 22 pub disposals were made during the quarter, for net proceeds of £7.4m, 7 pubs were delicensed and the lease was surrendered on one pub, resulting in a closing estate balance of 4,142.
 - No acquisitions were made during the quarter.
 - Subsequent to the quarter end, two package disposals have been completed, with 139 pubs being disposed for net proceeds of £48m.

- **Operating Margin and EBITDA**
 - Operating margin for the 16 week period to 10 December 2005 was 56.7% resulting in an EBITDA of £75.4m.
 - EBITDA of £248.9m for the 52 weeks to 10 December 2005 compares favourably to the run rate of £237m as stated in the Offering Circular.

Estate Portfolio

	<u>Quarter 1</u> 16 weeks to 10 December 2005	<u>2004/05</u> 52 weeks to 20 August 2005
Number of Pubs		
Opening	4,172	4,222
Acquisitions	-	-
Other ¹	(8)	(1)
Disposals ²	(22)	(49)
End of Period	4,142	4,172

¹ 7 pubs were delicensed in Q1 2005/06 and the lease was surrendered on one pub.

² 12 pubs were disposed of as part of a package in Q1 2005/06 following the acquisition of Avebury Holdings Limited by another company within the Punch Taverns group.

Investment in Assets

	<u>Quarter 1</u> 16 weeks to 10 December 2005 <u>£m</u>	<u>2004/05</u> 52 weeks to 20 August 2005 <u>£m</u>
Payments to acquire new pubs	-	-
Spend on existing pubs	12.3	37.5
Spend on other assets	0.7	1.6
Total Spend on Estate	13.0	39.1
Disposal Proceeds¹	8.7	15.4

¹ Disposal proceeds includes £0.2m relating to a pub disposed of in Q4 of 2004/05 and £1.1m from the disposal of an unlicensed property.



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Debt Service Cover Ratio (DSCR)

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

	<u>Quarter 1</u> 16 weeks to 10 December 2005 <u>£m</u>	<u>Rolling Two</u> <u>Quarters</u> 28 weeks to 10 December 2005 <u>£m</u>	<u>2004/05</u> 52 weeks to 20 August 2005 <u>£m</u>
EBITDA	75.4	133.6	246.8
Interest Payable	39.4	69.2	129.9
Interest Receivable	(1.2)	(2.1)	(3.3)
Capital Repayments ¹	7.2	12.8	20.9
	45.4	79.9	147.5
Debt Service Cover Ratio	1.66	1.67	1.67

¹ Calculated on a forward accruals basis.

Interest and Capital Payments

	<u>Quarter 1</u> 16 weeks to 10 December 2005 <u>£m</u>	<u>2004/05</u> 52 weeks to 20 August 2005 <u>£m</u>
Interest Payments		
A1	4.9	19.6
A2	5.2	20.3
A3	1.4	6.8
B1	2.6	10.4
B2	3.2	12.6
C	3.5	13.9
M1	3.0	11.8
M2	6.0	24.1
Swap costs	2.1	7.4
Other	0.7	2.9
	32.6	129.8
Capital Repayment		
A3	5.8	21.9



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Restricted Payments

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

	<u>Relevant Period</u> <u>52 weeks ending</u> <u>20 August 2005</u>
	<u>£m</u>
Excess Cash	92.2
Less: Capex payments funded from above	(21.8)
Available Excess Cash Amount	<u><u>70.4</u></u>
Restricted Payment Excess Cash	77.4
Tax due on the accrual of interest on the Borrower Subordinated Loans	27.2
	<u>104.6</u>
Less: Restriction to ensure total does not exceed Available Excess Cash Amount	(34.2)
	<u><u>70.4</u></u>
Utilisation to Date	
Q1 2005/06 – Repayment of Borrower Subordinated Loan Accrued Interest	<u><u>50.0</u></u>



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PROFIT AND LOSS ACCOUNT

	<u>Quarter 1</u> 16 weeks to 10 December 2005 <u>£m</u>	<u>2004/05</u> 52 weeks to 20 August 2005 <u>£m</u>
Turnover		
Beer (net of discounts)	79.5	265.9
Rent	37.8	120.9
Machines	4.4	14.8
Other	11.3	37.2
Total Turnover	<u>133.0</u>	<u>438.8</u>
Gross Profit		
Beer	41.0	137.1
Rent	37.8	120.9
Machines	4.4	14.8
Other	4.1	12.8
Total Gross Profit	<u>87.3</u>	<u>285.6</u>
Operating Costs	(11.9)	(38.8)
EBITDA	<u>75.4</u>	<u>246.8</u>
Profit / (Loss) on Disposal	1.1	-
Depreciation and Amortisation	(1.8)	(6.0)
Exceptional Costs	(0.5)	(2.8)
Cash Interest Receivable	1.2	3.3
Cash Interest Payable	(39.4)	(129.9)
Non-Cash Interest Charge	(1.0)	(2.8)
Subordinated Loan Interest	(30.4)	(90.8)
Profit / (Loss) Before Taxation	<u>4.6</u>	<u>17.8</u>
Taxation	(0.9)	-
Profit / (Loss) After Taxation	<u>3.7</u>	<u>17.8</u>



PUNCH TAVERNS FINANCE
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CONSOLIDATED BALANCE SHEET

	As at 10 December 2005 <u>£m</u>	As at 20 August 2005 <u>£m</u>
Fixed Assets		
Goodwill	(8.7)	(8.9)
Tangible Fixed Assets	2,430.6	2,426.3
	2,421.9	2,417.4
Debtors		
Trade	32.1	29.4
Prepayments	18.2	18.1
Other	-	-
	50.3	47.5
Cash at Bank and In Hand	66.2	97.2
CURRENT ASSETS	116.5	144.7
Creditors: amounts falling due within one year		
Loans	(29.5)	(26.2)
Trade Creditors	(4.7)	(6.4)
Other Creditors	(22.3)	(21.6)
Corporation Tax	(5.0)	(4.1)
Social Security and Other Taxes	(12.6)	(9.7)
Accruals and Deferred Income	(44.0)	(40.2)
	(118.1)	(108.2)
NET CURRENT (LIABILITIES) / ASSETS	(1.6)	36.5
TOTAL ASSETS LESS CURRENT LIABILITIES	2,420.3	2,453.9
Creditors: amounts falling due after more than one year		
Loans	(1,734.4)	(1,742.8)
Accruals and Deferred Income	(2.9)	(2.9)
	(1,737.3)	(1,745.7)
Provisions for Liability and Charges	(65.2)	(65.2)
Amounts due from Group Undertakings	343.7	334.4
NET ASSETS	961.5	977.4
Capital and Reserves		
Share Capital	-	-
Share Premium	2,963.3	2,963.3
Capital Reserve	33.6	33.8
Intercompany Funding ¹	(2,987.9)	(2,987.9)
Revaluation Reserve	289.6	289.6
Subordinated Loan Funding	623.9	643.6
Profit and Loss Reserves	35.3	17.2
Profit / (Loss) for the period	3.7	17.8
TOTAL SHAREHOLDERS' FUNDS	961.5	977.4

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



PUNCH TAVERNS FINANCE
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CONSOLIDATED CASH FLOW

	<u>Quarter 1</u> 16 weeks to 10 December 2005 <u>£m</u>	<u>2004/05</u> 52 weeks to 20 August 2005 <u>£m</u>
Net Cash Inflow From Operating Activities	63.0	246.5
Returns on Investment and Servicing of Finance		
Interest paid	(32.6)	(129.8)
Interest receivable	1.3	3.0
	(31.3)	(126.8)
Taxation (Payments)/Receipts	-	-
Capital Expenditure and Financial Investment		
Payments to acquire new pubs	-	-
Investment spend on fixed assets	(14.1)	(43.2)
Receipt from sale of fixed assets	8.9	17.5
	(5.2)	(25.7)
Net Cash Inflow Before Financing	26.5	94.0
Financing		
Loan repaid	(5.8)	(21.9)
Amounts paid to other group undertakings	(51.7)	(51.9)
	(57.5)	(73.8)
NET (DECREASE)/INCREASE IN CASH	(31.0)	20.2



**PUNCH TAVERNS FINANCE
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FORM OF 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 10 December 2005 was : 1.67:1
- (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 10 December 2005
Debt Service (£m)	79.9
Interest Charges (£m)	69.2
EBITDA (£m)	133.6

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

Outlet EBITDA	£83.6m														
The average and final balance of each of the Securitisation Group Entity Accounts:	<table border="1"> <thead> <tr> <th align="left">Average Balance (£m)</th> <th align="left">Final Balance (£m)</th> </tr> </thead> <tbody> <tr> <td>Acquisition Reserve A/c</td> <td align="right">0.1</td> </tr> <tr> <td>Disposal Proceeds A/c</td> <td align="right">9.1</td> </tr> <tr> <td>Controlled Cash A/c</td> <td align="right">20.1</td> </tr> <tr> <td>Stamp Duty Reserve A/c</td> <td align="right">-</td> </tr> <tr> <td>Collections A/c</td> <td align="right">69.3</td> </tr> <tr> <td>Payments A/c</td> <td align="right">(8.1)</td> </tr> </tbody> </table>	Average Balance (£m)	Final Balance (£m)	Acquisition Reserve A/c	0.1	Disposal Proceeds A/c	9.1	Controlled Cash A/c	20.1	Stamp Duty Reserve A/c	-	Collections A/c	69.3	Payments A/c	(8.1)
Average Balance (£m)	Final Balance (£m)														
Acquisition Reserve A/c	0.1														
Disposal Proceeds A/c	9.1														
Controlled Cash A/c	20.1														
Stamp Duty Reserve A/c	-														
Collections A/c	69.3														
Payments A/c	(8.1)														
CapEx Amounts expended	£12.3m for the quarter (Minimum Maintenance CapEx Amount required of £4.4m per annum)														
Number of Punch Taverns Mortgaged Properties disposed of or acquired	Disposals - 22														
Number of Pubs in Portfolio	4,142														
Weighted Average Return on all CapEx Amounts spent on all trading Pubs	27.8%														



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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 there have been:

- (a) no material amendments made to the Material Contracts since the Closing Date, with the exception of the management services agreement as previously reported;
- (b) no Material Contracts entered into since the Closing Date, other than those previously disclosed;
- (c) 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: 24 January 2006

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

.....
Finance Director

.....
Director