



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

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**FINANCIAL REPORT – AUGUST 2004 QUARTER**

**CONTENTS**

	<i>Page</i>
Basis of Preparation	2
Profit Commentary	2
Estate Portfolio	3
Investment in Pub Estate	3
Debt Service Cover Ratio (DSCR)	4
Interest and Capital Payments	4
Restricted Payments	5
Profit and Loss Account	6
Consolidated Balance Sheet	7
Consolidated Cash Flow	8
Form of Financial Ratio Compliance Certificate	9-10

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## PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

### FINANCIAL REPORT – AUGUST 2004 QUARTER

#### 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 twelve week period to 21 August 2004, which is the fourth quarter of the 2003/04 financial year.

The balance sheet on page 7 has been prepared using the acquisition method of accounting.

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

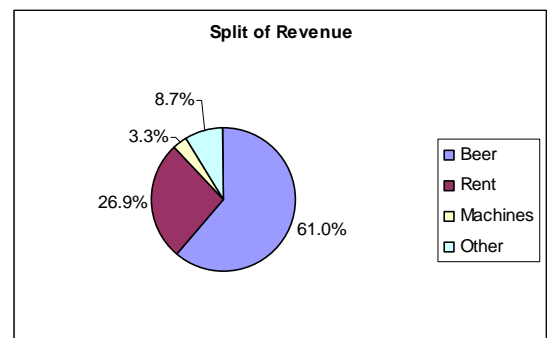
11 December 2004  
5 March 2005  
28 May 2005  
20 August 2005

#### Profit Commentary

Trading results for the twelve-week period are as follows:

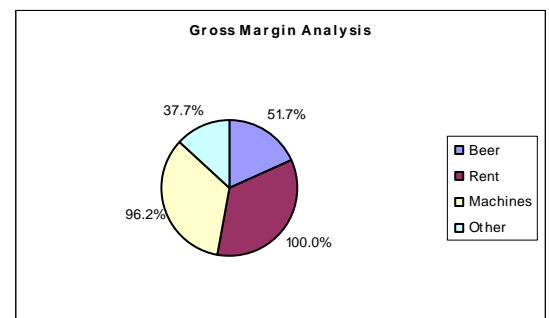
- **Turnover**

- Total turnover of £101.5m.
- Rent contribution of 26.9% (up from 26.3% in Q3), driven in part by an increase in the number of growth leases in the estate.



- **Gross Profits**

- Total gross profits of £65.9m.
- Total gross profit margin of 64.9% (up 0.1% on Q3).
- Beer gross margin of 51.7%.
- Rent element of gross profits has risen from 40.6% in Q3 to 41.5% in Q4.





**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**FINANCIAL REPORT – AUGUST 2004 QUARTER**

- **Estate**
  - The number of long term retailer agreements in the estate has risen from 1,504 at end of Q3 03/04 to 1,549 at end of Q4 03/04.
  - Eight disposals were made during the quarter, resulting in a closing estate balance of 4,222.
- **Operating Margin and EBITDA**
  - EBITDA of £58.1m, which represents a growth of £0.7m (1.2%) on Q3.

**Estate Portfolio**

	<u>Quarter 4</u> 12 weeks to 21 August 2004 <u>No</u>	<u>YTD</u> 42 weeks to 21 August 2004 <u>No</u>
<b>Number of Pubs</b>		
Opening	4,230	4,304
Acquisitions	-	23
Other	-	1
Disposals	(8)	(106)
	<u>4,222</u>	<u>4,222</u>

**Investment in Assets**

	<u>Quarter 4</u> 12 weeks to 21 August 2004 <u>£000</u>	<u>YTD</u> 42 weeks to 21 August 2004 <u>£000</u>
Payments to acquire new pubs	-	11,330
Spend on existing pubs	7,000	26,852
Spend on other assets	2,325	7,183
<b>Total Spend on Estate</b>	<u>9,325</u>	<u>45,365</u>
<b>Disposal Proceeds</b>	<u>2,998</u>	<u>26,300</u>

Disposal proceeds in this quarter include proceeds from the sale of the Bell Inn, Surrey which was transferred to unlicensed premises during Q3.



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**FINANCIAL REPORT – AUGUST 2004 QUARTER**

**Debt Service Cover Ratio (DSCR)**

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

	<u>Quarter 4</u> 12 weeks to 21 August 2004  <u>£000</u>	<u>Rolling Two</u> <u>Quarters</u> 24 weeks to 21 August 2004  <u>£000</u>	<u>YTD</u> 42 weeks to 21 August 2004  <u>£000</u>
<b>EBITDA</b>	<b>58,124</b>	<b>115,568</b>	<b>198,959</b>
Interest Payable	30,111	60,399	105,633
Interest Receivable	(458)	(1,183)	(2,115)
Capital Repayments <sup>1</sup>	4,054	8,708	12,026
	<u><b>33,707</b></u>	<u><b>67,924</b></u>	<u><b>115,544</b></u>
<b>Debt Service Cover Ratio</b>	<b>1.72</b>	<b>1.70</b>	<b>1.72</b>

<sup>1</sup> Calculated on a forward accruals basis.  
(Capital repayments commenced on 15 January 2004)

**Interest and Capital Payments**

The interest and capital payments shown below relate purely to the revised debt structure.

	<u>Quarter 4</u> 12 weeks to 21 August 2004  <u>£000</u>	<u>YTD</u> 42 weeks to 21 August 2004  <u>£000</u>
<b>Interest Payments</b>		
A1	4,911	14,733
A2	5,088	16,287
A3	1,630	4,452
B1	2,649	7,947
B2	3,123	9,998
C	3,457	9,696
M1	2,926	8,206
M2	5,490	14,669
Swap costs	2,566	8,239
Other	393	1,746
	<u><b>32,231</b></u>	<u><b>95,973</b></u>
<b>Capital Repayment</b>		
A3	<u><b>4,457</b></u>	<u><b>14,643</b></u>



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

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**FINANCIAL REPORT – AUGUST 2004 QUARTER**

**Restricted Payments**

The following payments to Punch Taverns Intermediate Holdings Limited were made in accordance with the Permitted Restricted Payment terms (Clause 16.4(b) of IBFA):

	<u>Relevant Period</u> <u>18 weeks ending 6</u> <u>March 2004</u> <u>£m</u>
Restricted Payment Excess Cash	28.4
Less: Capex payments funded from above	(2.9)
Plus: Tax due on the accrual of interest on the Borrower Subordinated Loans	9.0
	<hr/> 34.5
Less: Restriction to ensure total does not exceed Excess Cash	(1.3)
<b>Total Permitted Restricted Payment</b>	<hr/> <b>33.2</b> <hr/>
<b>Utilisation to Date</b>	
Q3 2003/04 - Repayment of Borrower Subordinated Loan	12.0
Q4 2003/04 - Repayment of Borrower Subordinated Loan	21.2
	<hr/> <b>33.2</b> <hr/>



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**PROFIT AND LOSS ACCOUNT**

	<b>Quarter 4</b> <b>12 weeks to 21</b> <b>August 2004</b> <b>£000</b>	<b>YTD</b> <b>42 weeks to 21</b> <b>August 2004</b> <b>£000</b>
<b>Turnover</b>		
Beer (net of discounts)	61,939	216,455
Rent	27,352	95,141
Machines	3,369	12,105
Other	8,840	29,992
<b>Total Turnover</b>	<b>101,500</b>	<b>353,692</b>
<b>Gross Profit</b>		
Beer	31,994	111,806
Rent	27,352	95,141
Machines	3,240	11,726
Other	3,334	10,386
<b>Total Gross Profit</b>	<b>65,920</b>	<b>229,059</b>
Operating Costs	(7,796)	(30,099)
<b>EBITDA</b>	<b>58,124</b>	<b>198,960</b>
Profit / (Loss) on Disposal	(270)	2,476
Exceptional Profit / (Loss) on Disposal	(1,306)	(11,896)
Depreciation and Amortisation	(2,192)	(5,362)
Exceptional Costs	(1,460)	(8,662)
Cash Interest Receivable	458	2,115
Cash Interest Payable	(30,111)	(105,632)
Non-Cash Interest Charge	(677)	(2,484)
Subordinated Loan Interest	(20,540)	(71,498)
<b>Profit / (Loss) Before Taxation</b>	<b>2,026</b>	<b>(1,983)</b>



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**CONSOLIDATED BALANCE SHEET**

**As at 21  
August 2004  
£000**

<b>Fixed Assets</b>	
Goodwill	(9,403)
Tangible Fixed Assets <sup>1</sup>	2,292,372
	<u>2,282,969</u>
<b>Debtors</b>	
Trade	28,857
Prepayments	15,183
Other	2,913
	<u>46,953</u>
Cash at Bank and In Hand	77,032
<b>CURRENT ASSETS</b>	<u>123,985</u>
<b>Creditors: amounts falling due within one year</b>	
Loans	(21,171)
Trade Creditors	(4,498)
Other Creditors	(19,445)
Corporation Tax	(9)
Social Security and Other Taxes	(724)
Accruals and Deferred Income	(39,778)
	<u>(97,915)</u>
<b>NET CURRENT ASSETS</b>	<u>26,070</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>2,309,039</u>
<b>Creditors: amounts falling due after more than one year</b>	
Loans	(1,767,199)
Accruals and Deferred Income	(3,494)
	<u>(1,770,693)</u>
Provisions for Liability and Charges	(50,918)
Amounts due from Group Undertakings	325,863
<b>NET ASSETS</b>	<u><b>813,291</b></u>
<b>Capital and Reserves</b>	
Share Capital	64
Share Premium	2,963,314
Capital Reserve	34,647
Intercompany Funding <sup>2</sup>	(2,977,608)
Revaluation Reserve	176,077
Subordinated Loan Funding	597,003
Profit and Loss Reserves	21,777
(Loss) for the period	(1,983)
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<u><b>813,291</b></u>

<sup>1</sup> Stated prior to the year end revaluation of fixed assets

<sup>2</sup> Represents Punch Retail Limited intercompany balances with Punch Retail (Acquisition Finance) Limited and Punch Retail (Acquisition Company) Limited.



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**CONSOLIDATED CASH FLOW**

	<b>Quarter 4</b>
	<b>12 Weeks to</b>
	<b>21 August</b>
	<b>2004</b>
	<b>£000</b>
<b>Net Cash Inflow From Operating Activities<sup>1</sup></b>	67,470
<b>Returns on Investment and Servicing of Finance</b>	
Interest Paid	(32,231)
Interest Receivable	613
	<u>(31,618)</u>
<b>Taxation Receipts</b>	<u>-</u>
<b>Capital Expenditure and Financial Investment</b>	
Payments to acquire new pubs	-
Investment Spend on Existing Pubs	(9,327)
Receipt from Sale of Pubs	3,319
	<u>(6,008)</u>
<b>Net Cash Inflow Before Financing</b>	<u>29,844</u>
<b>Financing</b>	
Loan repaid	(4,457)
Amounts paid to other group undertakings <sup>2</sup>	(20,652)
	<u>(25,109)</u>
<b>NET INCREASE IN CASH</b>	<u><u>4,735</u></u>

<sup>1</sup>Includes intercompany movements associated with the supply of wet sales to the trading entities

<sup>2</sup>Includes a £20m repayment of subordinated loan arrangements, in accordance with 16.4(b) of the IBFA (refer to page 5).



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**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 (formerly Punch Pub Company (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 21 August 2004 was 1.70:1.
- (b) for the purposes of calculating the above, the following values were relevant for the Financial Quarter just ended:

	<u>Rolling Two Quarters</u> 24 weeks to 21 August 2004
Debt Service (£000)	67,924
Interest Charges (£000)	59,216
EBITDA (£000)	115,568

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

Outlet EBITDA	£64.0m	
The average and final balance of each of the Securitisation Group Entity Accounts: Acquisition Reserve A/c Disposal Proceeds A/c Controlled Cash A/c Stamp Duty Reserve A/c Collections A/c Payments A/c	<b>Average Balance (£m)</b>	<b>Final Balance (£m)</b>
	0.1	0.1
	11.3	13.9
	22.6	20.5
	-	-
	44.8	53.4
	(5.4)	(10.8)
CapEx Amounts expended	£7.0m for the quarter (Minimum Maintenance CapEx Amount Required of £4.3m per annum)	
Number of Punch Taverns Mortgaged Properties disposed of or acquired	Disposals – 8	
Number of Pubs in Portfolio	4,222	
Weighted Average Return on all CapEx Amounts spent on all trading Pubs	29.1%	



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

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Free Cash Flow	£112.1m for the 24 weeks ended 21 August 2004
Excess Cash	£44.2m for the 24 weeks ended 21 August 2004
Restricted Payment Excess Cash	£37.4m for the 24 weeks ended 21 August 2004
Net Worth	£487.4m as at 21 August 2004

(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;
- (b) no Material Contracts entered into since the Closing Date;
- (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 October 2004

Signed for and on behalf of

.....  
Finance Director

.....  
Director