



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MAY 2005 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

This report is confidential and should not be onwardly distributed without the written authority of Punch Taverns plc



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MAY 2005 QUARTER

Basis of Preparation

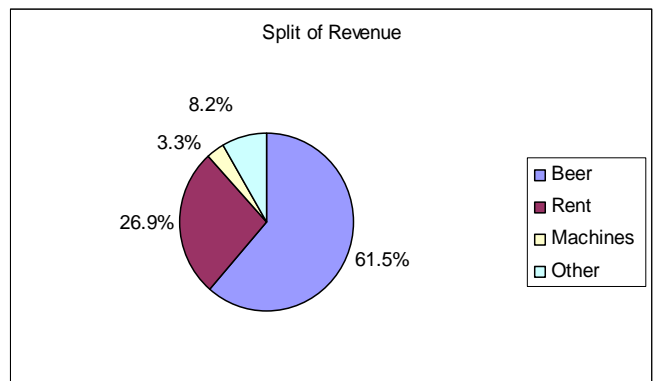
The financial reporting period for Punch Taverns Holdings Limited and its subsidiaries (“The Securitised Group”) is determined by reference to the closing date of 3 November 2003. This report covers the twelve week period to 28 May 2005, which is the third quarter of the 2004/05 financial year.

Profit Commentary

Trading results for the twelve week period are as follows:

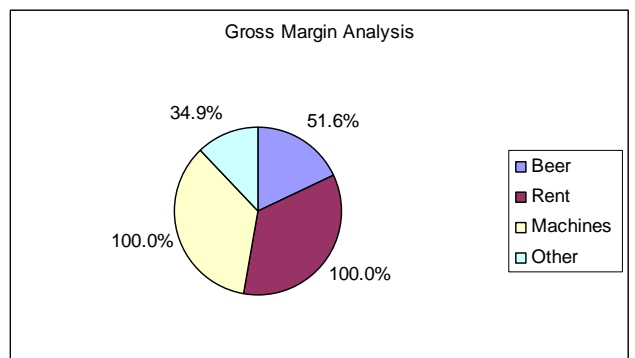
• **Turnover**

- Total turnover of £103.3m (up 4.4% from Q2)
- A wholesale price increase was effected on the large proportion of our beer brands at the end of Q2 which has driven both the beer turnover and beer margin growth in Q3
- Rental income streams continue to grow through investment, rent reviews, lease renewals and RPI indexation



• **Gross Profits**

- Total gross profits of £67.0m (up 3.9% from Q2)
- Total gross profit margin of 64.9%
- Beer gross margin of 51.6% (up from 51.0% in Q2)
- Margins have improved through price increases, as noted above, but also as the lager mix seasonally improves better margins.
- Rental income growth, as noted above, at 100% margin flows directly into the gross margin growth.





PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MAY 2005 QUARTER

- **Estate**
 - The number of Punch Growth Leases and long term Retailer Agreements in the estate has risen from 1,672 at end of Q2 to 1,752 at end of Q3.
 - 3 disposals were made during the quarter, for net proceeds of £0.7m, resulting in a closing estate balance of 4,180.
 - No acquisitions were made during the quarter.
- **Operating Margin and EBITDA**
 - Operating margin of 56.6% resulting in an EBITDA for the 12 week period to 28 May 2005 of £58.5m.
 - EBITDA per pub has grown by 3.1% from Q3 2003/04.
 - EBITDA of £247m for the 52 week period to 28 May 2005 compares favourably to the run rate of £237m as stated in the Offering Circular.

Estate Portfolio

	<u>Quarter 3</u> 12 weeks to 28 May 2005	<u>YTD</u> 40 weeks to 28 May 2005
Number of Pubs		
Opening	4,183	4,222
Acquisitions	-	-
Other ¹	-	(1)
Disposals ²	(3)	(41)
End of Period	<u><u>4,180</u></u>	<u><u>4,180</u></u>

¹ The head lease expired on one pub during Q1 2004/05.

² 20 pubs were disposed of as a package in Q1 2004/05 following the acquisition of InnSpired Group Ltd by Punch Taverns plc.

Investment in Assets

	<u>Quarter 3</u> 12 weeks to 28 May 2005 <u>£m</u>	<u>YTD</u> 40 weeks to 28 May 2005 <u>£m</u>
Payments to acquire new pubs	-	-
Spend on existing pubs	9.0	26.6
Spend on other assets	0.3	1.0
Total Spend on Estate	<u><u>9.3</u></u>	<u><u>27.6</u></u>
Disposal Proceeds¹	<u><u>0.9</u></u>	<u><u>14.2</u></u>

¹ Disposal proceeds in this quarter include proceeds of £0.2m for land disposals



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MAY 2005 QUARTER

Debt Service Cover Ratio (DSCR)

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

	<u>Quarter 3</u> 12 weeks to 28 May 2005 <u>£m</u>	<u>Rolling Two</u> <u>Quarters</u> 24 weeks to 28 May 2005 <u>£m</u>	<u>YTD</u> 40 weeks to 28 May 2005 <u>£m</u>
EBITDA	58.5	115.3	188.6
Interest Payable	29.6	60.0	100.1
Interest Receivable	(0.6)	(1.2)	(2.4)
Capital Repayments ¹	5.4	10.0	15.3
	34.4	68.8	113.0
Debt Service Cover Ratio	1.70	1.68	1.67

¹ Calculated on a forward accruals basis.

Interest and Capital Payments

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

	<u>Quarter 3</u> 12 weeks to 28 May 2005 <u>£m</u>	<u>YTD</u> 40 weeks to 28 May 2005 <u>£m</u>
Interest Payments		
A1	4.9	14.7
A2	5.0	15.2
A3	1.6	5.2
B1	2.6	7.8
B2	3.1	9.5
C	3.4	10.4
M1	2.9	8.9
M2	5.8	18.0
Swap costs	1.8	5.7
Other	1.0	2.2
	32.1	97.6
Capital Repayment		
A3	6.1	15.9



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – MAY 2005 QUARTER

Restricted Payments

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

	<u>Relevant Period</u> <u>24 weeks ending</u> <u>21 August 2004</u> <u>£m</u>
Restricted Payment Excess Cash	37.4
Less: Capex payments funded from above	(4.3)
Plus: Tax due on the accrual of interest on the Borrower Subordinated Loans	12.5
	<hr/> 45.6
Less: Restriction to ensure total does not exceed Excess Cash	(1.4)
Total Permitted Restricted Payment	<hr/> 44.2
Utilisation to Date	
Q1 2004/05 – Repayment of Borrower Subordinated Loan Accrued Interest	(44.2)
Q2 2004/05	-
Q3 2004/05	-
	<hr/> <hr/> -



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

	<u>Quarter 3</u> 12 weeks to 28 May 2005 <u>£m</u>	<u>YTD</u> 40 weeks to 28 May 2005 <u>£m</u>
Turnover		
Beer (net of discounts)	63.6	203.6
Rent	27.8	92.2
Machines	3.4	11.6
Other	8.5	28.4
Total Turnover	<u>103.3</u>	<u>335.8</u>
Gross Profit		
Beer	32.8	104.1
Rent	27.8	92.2
Machines	3.4	11.6
Other	3.0	9.6
Total Gross Profit	<u>67.0</u>	<u>217.5</u>
Operating Costs	(8.5)	(28.9)
EBITDA	<u>58.5</u>	<u>188.6</u>
Profit / (Loss) on Disposal	0.2	0.2
Depreciation and Amortisation	(1.4)	(4.5)
Exceptional Costs	(0.5)	(1.7)
Cash Interest Receivable	0.6	2.4
Cash Interest Payable	(29.6)	(100.1)
Non-Cash Interest Charge	(0.6)	(2.1)
Subordinated Loan Interest	(23.0)	(73.3)
Profit / (Loss) Before Taxation	<u>4.2</u>	<u>9.5</u>
Taxation	(1.2)	(2.8)
Profit / (Loss) After Taxation	<u>3.0</u>	<u>6.7</u>



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

	As at 28 May 2005 <u>£m</u>	As at 21 August 2004 ¹ <u>£m</u>
Fixed Assets		
Goodwill	(9.0)	(9.4)
Tangible Fixed Assets	2,346.4	2,337.4
	<u>2,337.4</u>	<u>2,328.0</u>
Debtors		
Trade	31.4	28.9
Prepayments	16.8	15.2
Other	-	-
	<u>48.2</u>	<u>44.1</u>
Cash at Bank and In Hand	52.9	77.0
CURRENT ASSETS	<u>101.1</u>	<u>121.1</u>
Creditors: amounts falling due within one year		
Loans	(23.0)	(21.2)
Trade Creditors	(6.2)	(4.5)
Other Creditors	(21.1)	(19.4)
Corporation Tax	(6.9)	(4.1)
Social Security and Other Taxes	(8.5)	(8.7)
Accruals and Deferred Income	(41.0)	(39.8)
	<u>(106.7)</u>	<u>(97.7)</u>
NET CURRENT (LIABILITIES) / ASSETS	<u>(5.6)</u>	<u>23.4</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,331.8</u>	<u>2,351.4</u>
Creditors: amounts falling due after more than one year		
Loans	(1,751.4)	(1,767.2)
Accruals and Deferred Income	(3.2)	(3.5)
	<u>(1,754.6)</u>	<u>(1,770.7)</u>
Provisions for Liability and Charges	(65.2)	(65.3)
Amounts due from Group Undertakings	365.9	326.7
NET ASSETS	<u><u>877.9</u></u>	<u><u>842.1</u></u>
Capital and Reserves		
Share Capital	-	-
Share Premium	2,963.3	2,963.3
Capital Reserve	34.0	34.6
Intercompany Funding ²	(2,987.9)	(2,987.9)
Revaluation Reserve	219.7	221.0
Subordinated Loan Funding	626.1	597.0
Profit and Loss Reserves	16.0	21.9
Profit / (Loss) for the period	6.7	(7.8)
TOTAL SHAREHOLDERS' FUNDS	<u><u>877.9</u></u>	<u><u>842.1</u></u>

¹ Restated to include the year end revaluation of fixed assets and for corporation tax. The impact of these adjustments is to increase net assets by £28.9m.

² Represents Punch Taverns (PR) Limited intercompany balances with Punch Taverns (PRAF) Limited and Punch Retail (PRAC) Limited.



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW

	Quarter 3	YTD
	12 Weeks to	40 Weeks to
	28 May	28 May
	2005	2005
	£m	£m
Net Cash Inflow From Operating Activities¹	40.6	152.6
Returns on Investment and Servicing of Finance		
Interest paid	(32.1)	(97.6)
Interest receivable	0.6	2.2
	<u>(31.5)</u>	<u>(95.4)</u>
Taxation (Payments)/Receipts	<u>-</u>	<u>-</u>
Capital Expenditure and Financial Investment		
Payments to acquire new pubs	-	-
Investment spend on fixed assets	(9.4)	(30.4)
Receipt from sale of fixed assets	2.2	15.1
	<u>(7.2)</u>	<u>(15.3)</u>
Net Cash Inflow Before Financing	<u>1.9</u>	<u>41.9</u>
Financing		
Loan repaid	(6.1)	(15.9)
Amounts paid to other group undertakings	(1.8)	(50.1)
	<u>(7.9)</u>	<u>(66.0)</u>
NET INCREASE / (DECREASE) IN CASH	<u><u>(6.0)</u></u>	<u><u>(24.1)</u></u>

¹Includes intercompany movements associated with the supply of drink products to the trading entities



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 **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 28 May 2005 was :1.68:1
- (b) for the purposes of calculating the above, the following values were relevant for the Financial Quarter just ended:

	<u>Relevant Period</u> 24 weeks to 28 May 2005
Debt Service (£m)	68.8
Interest Charges (£m)	58.8
EBITDA (£m)	115.3

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

Outlet EBITDA	£64.5m	
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	Average Balance (£m)	Final Balance (£m)
	0.1	0.1
	4.2	5.3
	21.2	21.3
	-	-
	37.5	29.3
	(6.7)	(1.3)
CapEx Amounts expended	£9.0m for the quarter (Minimum Maintenance CapEx Amount required of £4.4m per annum)	
Number of Punch Taverns Mortgaged Properties disposed of or acquired	Disposals – 3	
Number of Pubs in Portfolio	4,180	
Weighted Average Return on all CapEx Amounts spent on all trading Pubs	28.2%	



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

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;
- (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 July 2005

Signed for and on behalf of

.....
Finance Director

.....
Director