



**PUNCH TAVERNS FINANCE B  
PUNCH TAVERNS (PMH) LIMITED AND SUBSIDIARY COMPANIES**

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**FINANCIAL REPORT – AUGUST 2005 QUARTER**

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



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**FINANCIAL REPORT – AUGUST 2005 QUARTER**

**Basis of Preparation**

The financial reporting period for Punch Taverns (PMH) Limited and its subsidiaries (“The Securitised Group”) is from 1 August 2005 (the closing date of the recent restructuring of the securitised group) to 20 August 2005, the end of the Group’s fourth quarter of the 2004/05 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:

- 10<sup>th</sup> December 2005
- 4<sup>th</sup> March 2006
- 27<sup>th</sup> May 2006
- 19<sup>th</sup> August 2006

**New Debt Structure**

On 1 August 2005 the Punch Taverns plc group concluded a refinancing of the Pubmaster debt securitisation (now renamed Punch Taverns Finance B), the key elements of which are as follows:

- £625m of new loan notes were issued by Punch Taverns Finance B Ltd.
- £253m of the proceeds of new loan notes were used to repay existing secured floating rate notes. £84m of these loans have been repaid as at 20 August 2005 with the remaining £169m held in an Escrow account and settled on 30 September 2005.

The ongoing gross debt as at 20 August 2005 can be summarised as follows:

<b>Loan Notes</b>	<b>Rating<sup>3</sup></b>	<b>% Rate<sup>1</sup></b>	<b>Repayable</b>	<b>£m</b>
A3 (Fixed)	A/A/A2	7.369	Jun 2022	201.0
A6 (Fixed)	A/A/A2	5.943	Dec 2024	220.0
A7 (Fixed)	AAA/AAA/Aaa	4.767	Jun 2033	250.0
A8 (FRN)	AAA/AAA/Aaa	L + 0.28	Jun 2033	250.0
B1 (Fixed)	BBB+/BBB+/Baa2	8.44	Jun 2025	77.5
B2 (Fixed)	BBB+/BBB+/Baa2	6.962	Jun 2028	125.0
C1 (FRN)	BBB/BBB/Baa3	L + 1.10	Jun 2035	125.0
				<b>1,248.5</b>

<sup>1</sup> L represents Libor which is fully fixed through swap arrangements over the life of the tranche at 5.58%. (A8), and 5.8577% (C1).

<sup>2</sup> Tranches A7 and A8 include an MBIA wrap.

<sup>3</sup> Ratings are as provided by Fitch, Standard & Poors and Moody’s respectively.



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**Profit Commentary**

Trading results for the three week period are as follows:

- Turnover of £18.1m
- Gross Profits of £11.3 (resulting in a gross profit margin of 62% ).
- EBITDA of £9.7m (53% of turnover).
- Rent contribution to total gross profits of 36.8%



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**Debt Service Cover Ratio (DSCR)**

This is calculated as follows (see profit and loss account on page 5):

	<u>Quarter 4</u> <u>3 weeks to</u> <u>20 August 2005</u> <u>£m</u>
<b>EBITDA</b>	<u>9.7</u>
Interest Payable	4.2
Interest Receivable	(0.1)
Capital Repayments <sup>1</sup>	-
	<u>4.2</u>
<b>Debt Service Cover Ratio<sup>2</sup></b>	<b>2.31</b>

<sup>1</sup> Capital repayments to commence in December 2009

<sup>2</sup> Based on the three week period ended 20 August 2005

**Interest and Capital Payments**

There have been no interest or capital payments in the period. Interest payments commenced on 30 September 2005. Capital repayments do not commence until December 2009.



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**Estate Portfolio**

	<u>Quarter 4</u> 3 weeks to 20 August 2005 <u>No</u>
<b>Number of Pubs</b>	
Opening	3,176
Acquisitions	-
Disposals	-
	<hr/> <b>3,176</b> <hr/>

**Investment in Pub Estate**

Details of investment in the pub estate will be included in the quarter 1 Finance Report for the 16 week period to 10 December 2005. The information will be presented using the following pro forma:

	<u>YTD</u> 6 weeks to 13 December 2003 <u>£000</u>
Payments to acquire new pubs	X
Spend on existing pubs	X
<b>Total Spend on Estate</b>	<hr/> <b>X</b> <hr/>
<b>Disposal Proceeds</b>	<hr/> <b>X</b> <hr/>



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**PROFIT AND LOSS ACCOUNT**

	<b>Quarter 4</b> <b>3 weeks to</b> <b>20 August</b> <b>2005</b> <b>£m</b>
<b>Turnover</b>	
Beer (net of discounts)	11.5
Rent	4.2
Machines	0.6
Other	1.8
<b>Total Turnover</b>	<b>18.1</b>
<b>Gross Profit</b>	
Beer	6.0
Rent	4.2
Machines	0.6
Other	0.5
<b>Total Gross Profit</b>	<b>11.3</b>
Operating Costs	(1.6)
<b>EBITDA</b>	<b>9.7</b>
Profit / (Loss) on Disposal	-
Depreciation and Amortisation	(0.2)
Cash Interest Receivable	0.1
Cash Interest Payable	(4.2)
Non-Cash Interest Charge	(0.1)
Subordinated Loan Interest	(1.7)
<b>Profit / (Loss) Before Taxation</b>	<b>3.6</b>
Taxation	(0.2)
<b>Profit / (Loss) After Taxation</b>	<b>3.4</b>

This information is unaudited and is extracted from the company's management information.



**PUNCH TAVERNS FINANCE B**  
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**CONSOLIDATED BALANCE SHEET**

	<b>As at 20 August 2005<sup>3</sup></b> <b>£m</b>
<b>Fixed Assets</b>	
Goodwill	(10.5)
Tangible Fixed Assets	1,631.6
	1,621.1
<b>Debtors</b>	
Trade	17.5
Prepayments	8.6
Other	-
	26.1
Cash at Bank and In Hand <sup>1</sup>	199.7
<b>CURRENT ASSETS</b>	<b>225.8</b>
<b>Creditors: amounts falling due within one year</b>	
Loans <sup>1</sup>	(169.4)
Trade Creditors	(22.3)
Other Creditors	(9.9)
Corporation Tax	(9.0)
Social Security and Other Taxes	(2.0)
	(239.3)
<b>NET CURRENT LIABILITIES</b>	<b>(13.5)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,607.6</b>
<b>Creditors: amounts falling due after more than one year</b>	
Loans	(1,231.3)
Accruals and Deferred Income	389.9
	389.9
Provisions for Liability and Charges	(11.6)
Amounts due from Group Undertakings	220.8
	209.2
<b>NET ASSETS</b>	<b>585.5</b>
<b>Capital and Reserves</b>	
Share Capital	84.0
Revaluation Reserve	336.7
Other Capital Reserves	7.6
Subordinated Loan Funding	179.0
Profit and Loss Reserves <sup>2</sup>	(25.2)
Profit / (Loss) for the period	3.4
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>585.5</b>

<sup>1</sup> Cash includes £172,124,000 held in an ESCROW account to be used to redeem FRNs on 30 September 2005 relating to the old financing structure of £169,338,000, included in loans falling due within one year and to settle outstanding interest on the FRNs of £2,313,081. These balances have been settled since the end of the period.

<sup>2</sup> As at 1 August 2005 (the closing date of the recent restructuring of the securitised group)

<sup>3</sup> Restated to reflect the finalisation of the year end revaluation of fixed assets.



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**CONSOLIDATED CASH FLOW**

There is no cash flow for the current period as there is no balance sheet available as at 1 August 2005 for the New Securitised Group. A cash flow will be included in the quarter 1 Finance Report for the 16 week period to 10 December 2005. The cash flow will be prepared using the following pro forma:

	<u>£m</u>
<b>Net Cash Inflow From Operating Activities</b>	X
<b>Returns on Investment and Servicing of Finance</b>	
Interest paid	X
Interest receivable	X
	<hr/> X
<b>Taxation (Payments)/Receipts</b>	<hr/> X
<b>Capital Expenditure and Financial Investment</b>	
Payments to acquire new pubs	X
Investment spend on fixed assets	X
Receipt from sale of fixed assets	X
	<hr/> X
<b>Net Cash Inflow Before Financing</b>	<hr/> X
<b>Financing</b>	
Loan repaid	X
Amounts paid to other group undertakings	X
	<hr/> X
<b>NET INCREASE / (DECREASE) IN CASH</b>	<hr/> <hr/> X



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**FINANCIAL RATIO COMPLIANCE CERTIFICATE**

To: Deutsche Trustee Company Limited

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

- (a) that the financial covenants for the undertakings in Clause 15 of the Issuer/Borrower Facility Agreement have been observed;
- (b) the Debt Service Cover Ratio is not required to be tested until the quarter ended 10 December 2005;
- (c) the FCF Covenant is not required to be tested until the quarter ended 10 December 2005;
- (d) the Peak Debt Service Ratio is not required to be tested until the quarter ended 19 August 2006;
- (e) the Net Worth of the New Securitisation Group calculated in accordance with Clause 15.3 of the Issuer/Borrower Facility Agreement for the short Financial Quarter commencing on (and including) 1 August 2005 and ending on 20 August 2005 was £365m;
- (f) for the purposes of calculating the ratios, above, the following values were relevant for the Financial Quarter just ended:

DSCR (for four Financial Quarters):	There is no requirement to test this covenant until the quarter ended 19 August 2006
DSCR (for two Financial Quarters):	There is no requirement to test this covenant until the quarter ended 4 March 2006
EBITDA:	£9.7m
Look Back EBITDA	There is no requirement to test this covenant until the last quarter ending prior to June 2022
Debt Service:	£4.2m
Expected Class A Debt Service	There is no requirement to test this covenant until the quarter commencing in August 2028
Interest Charges:	£4.2m

