



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – QUARTER 2 (MARCH 2009)

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FINANCIAL REPORT – QUARTER 2 (MARCH 2009)

Introduction

This report covers the 12 week period to 7 March 2009, which is the second quarter of the 2008/09 financial year.

This report is prepared under UK Generally Accepted Accounting Principles (“UK GAAP”) and excludes any impact of International Financial Reporting Standards (“IFRS”).

Debt Structure

During the quarter, the Punch Taverns Holdings group made a loan note buy-back, the key elements of which are as follows:

- Purchased Class C fixed rate notes 2033 with principal value of £11.4m.
- Purchased Class M1 fixed rate notes 2026 with principal value of £10.0m.

Profit Commentary

Trading results for the second quarter were as follows:

- **Sales**

Turnover for the 12 week period to 7 March 2009 was £90.3m, of which rent contributed 31.0%.

- **Gross Profits**

The total gross profit in the 12 week period to 7 March 2009 was £59.3m, which gave a gross profit margin of 65.7%.

- **Operating Margin and EBITDA**

Operating margin for the rolling 4 quarters to 7 March 2009 was 58.3% resulting in an EBITDA of £250.4m*.

EBITDA per pub for the rolling 4 quarters is £63,100*.

* Rolling 4 quarters covers a 53 week period.



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Estate Portfolio

- During the period, 19 pubs were disposed of individually, for net proceeds of £6.6m.

	<u>QUARTER 2</u> 12 weeks to 7 March 2009	<u>YTD 2008/09</u> 28 weeks to 7 March 2009
Number of Pubs		
Opening	3,873	4,022
Other	-	(1)
Disposals	(19)	(167)
End of Period	<u>3,854</u>	<u>3,854</u>

Investment in Assets

	<u>QUARTER 2</u> 12 weeks to 7 March 2009 £m	<u>YTD 2008/09</u> 28 weeks to 7 March 2009 £m
Spend on existing pubs	1.5	4.5
Spend on other assets	0.5	0.9
Total Spend on Estate	<u>2.0</u>	<u>5.4</u>
Disposal Proceeds¹	<u>12.3</u>	<u>94.4</u>

¹ The proceeds in the current period include £5.7m (Year to date: £6.1m) relating to land and other sales.



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Debt Service Cover Ratio (DSCR)

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

	<u>QUARTER 2</u>	<u>Rolling 2</u>
	<u>12 weeks to</u>	<u>Quarters</u>
	<u>7 March</u>	<u>28 weeks to</u>
	<u>2009</u>	<u>7 March</u>
	<u>£m</u>	<u>2009</u>
		<u>£m</u>
EBITDA	52.4	124.3
Interest Payable	31.6	74.8
Interest Receivable	(0.3)	(1.5)
Capital Repayments ¹	1.3	6.8
	<u>32.6</u>	<u>80.1</u>
Debt Service Cover Ratio	1.61:1	1.55:1

¹ Calculated on a forward accruals basis.

Interest and Capital Payments

	<u>QUARTER 2</u>	<u>YTD 2008/09</u>
	<u>12 weeks to</u>	<u>28 weeks to</u>
	<u>7 March</u>	<u>7 March</u>
	<u>2009</u>	<u>2009</u>
	<u>£m</u>	<u>£m</u>
Interest Payments		
A1	4.9	9.8
A2	5.2	10.3
A3 (N)	0.2	1.6
B1	2.6	5.2
B2	3.2	6.4
B3	2.8	5.5
C	3.5	7.0
M1	3.0	6.0
M2 (N)	6.5	12.6
D1	2.2	4.3
Swap payments / (receipts)	(0.5)	(0.2)
Other	0.9	1.8
	<u>34.5</u>	<u>70.3</u>
Capital Repayments		
A3 (N) – scheduled repayments	<u>1.4</u>	<u>2.8</u>



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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>53 weeks</u> <u>ending</u> <u>23 August 2008</u> <u>£m</u>
Excess Cash	94.7
Less: Capex in relevant period	(29.7)
Add: Capex funded from DPA	8.5
Available Excess Cash Amount	<u><u>73.5</u></u>
Restricted Payment Excess Cash	77.8
Tax due on the accrual of interest on the Borrower Subordinated Loans	29.6
	<u>107.4</u>
Less: Restriction to ensure total does not exceed Available Excess Cash Amount	(33.9)
	<u><u>73.5</u></u>
Utilisation to date:	
Q1 2008/09 – Payment of interim dividends to parent company	55.4
Q2 2008/09 – Repayment of Borrower subordinated loan accrued interest	10.0
Q3 2008/09 – Repayment of Borrower subordinated loan accrued interest	8.1
	<u><u>73.5</u></u>



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PROFIT AND LOSS ACCOUNT

	QUARTER 2 12 weeks to 7 March 2009 <u>£m</u>	YTD 2008/09 28 weeks to 7 March 2009 <u>£m</u>
Turnover		
Beer (net of discounts)	52.0	124.5
Rent	27.9	67.4
Machines	2.6	6.2
Other	7.8	19.4
Total Turnover	<u>90.3</u>	<u>217.5</u>
Gross Profit		
Beer	25.5	62.1
Rent	27.9	67.4
Machines	2.6	6.2
Other	3.3	7.9
Total Gross Profit	<u>59.3</u>	<u>143.6</u>
Operating Costs	(6.9)	(19.3)
EBITDA	<u>52.4</u>	<u>124.3</u>
Profit / (Loss) on Disposal	6.0	(4.1)
Depreciation and Amortisation	(2.6)	(6.2)
Exceptional Income ¹	13.2	12.3
Cash Interest Receivable	0.3	1.5
Cash Interest Payable	(31.6)	(74.8)
Non-Cash Interest Credit	0.2	-
Subordinated Loan Interest	(25.9)	(59.1)
Profit / (Loss) Before Taxation	<u>12.0</u>	<u>(6.1)</u>
Taxation	(0.7)	1.5
Profit / (Loss) After Taxation	<u>11.3</u>	<u>(4.6)</u>
Interim Dividends Paid	-	(55.4)
Profit / (Loss) for the Period	<u><u>11.3</u></u>	<u><u>(60.0)</u></u>

¹ Exceptional income relates to costs incurred on reorganisation of field and central support teams and profit arising on debt buy-back.



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CONSOLIDATED BALANCE SHEET

	As at 7 March 2009 £m	As at 23 August 2008 £m
Fixed Assets		
Goodwill	(6.9)	(7.2)
Tangible Fixed Assets	2,689.5	2,791.1
	2,682.6	2,783.9
Debtors		
Trade	25.4	24.1
Prepayments	6.3	10.3
	31.7	34.4
Cash at Bank and In Hand	63.5	81.6
CURRENT ASSETS	95.2	116.0
Creditors: amounts falling due within one year		
Loans	(14.4)	(32.3)
Trade Creditors	(3.2)	(3.8)
Other Creditors	(24.1)	(26.8)
Social Security and Other Taxes	(9.1)	(11.7)
Accruals and Deferred Income	(36.2)	(44.7)
	(87.0)	(119.3)
NET CURRENT ASSETS / (LIABILITIES)	8.2	(3.3)
TOTAL ASSETS LESS CURRENT LIABILITIES	2,690.8	2,780.6
Creditors: amounts falling due after more than one year		
Loans	(1,936.0)	(2,017.5)
Accruals and Deferred Income	(1.1)	(0.7)
	(1,937.1)	(2,018.2)
Derivative Financial Instruments	(219.3)	(99.5)
Provisions for Liabilities and Charges	(19.6)	(54.2)
Amounts due from Group Undertakings	566.8	570.2
NET ASSETS	1,081.6	1,178.9
Capital and Reserves		
Share Capital	-	-
Share Premium	2,963.3	2,963.3
Capital Reserve	30.9	31.3
Hedge Reserve	(142.4)	(56.5)
Intercompany Funding ¹	(2,987.9)	(2,987.9)
Revaluation Reserve	470.9	475.4
Subordinated Loan Funding	751.6	702.4
Profit and Loss Reserves	(4.8)	50.9
SHAREHOLDERS' FUNDS	1,081.6	1,178.9

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



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CONSOLIDATED CASH FLOW

	<u>QUARTER 2</u> 12 weeks to 7 March 2009 <u>£m</u>	<u>YTD 2008/09</u> 28 weeks to 7 March 2009 <u>£m</u>
Operating profit	49.8	118.1
Depreciation and amortisation	2.6	6.2
Cash flows on exceptional items	0.2	(0.3)
Increase in working capital	(18.5)	(14.0)
Net Cash Inflow from Operating Activities	<u>34.1</u>	<u>110.0</u>
Returns on Investment and Servicing of Finance		
Interest paid	(34.5)	(70.3)
Interest received	0.3	1.7
	<u>(34.2)</u>	<u>(68.6)</u>
Taxation Payments	-	-
Capital Expenditure and Financial Investment		
Investment spend on fixed assets	(2.0)	(5.4)
Receipt from sale of fixed assets	12.3	94.4
	<u>10.3</u>	<u>89.0</u>
Equity Dividends Paid	-	(55.4)
Net Cash Inflow Before Financing	<u>10.2</u>	<u>75.0</u>
Financing		
Loans repaid	(8.5)	(83.1)
Amounts paid to other group undertakings	(10.0)	(10.0)
	<u>(18.5)</u>	<u>(93.1)</u>
NET DECREASE IN CASH	<u><u>(8.3)</u></u>	<u><u>(18.1)</u></u>



PUNCH TAVERNS FINANCE
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FINANCIAL RATIO COMPLIANCE CERTIFICATE

To: Security Trustee

1. We, Phil Dutton 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 7 March 2009 is 1.55:1
- (b) for the purposes of calculating the above, the following values are relevant for the Financial Quarter just ended:

Relevant Period
28 weeks to
7 March
2009
£m

Debt Service (£m)	80.1
Interest Charges (£m)	74.8
EBITDA (£m)	124.3

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

Outlet EBITDA	£55.1m	
The average and final balance of each of the Securitisation Group Entity Accounts:	Average Balance (£m)	Final Balance (£m)
	-	-
	10.1	13.1
	20.3	20.3
	-	-
	38.9	35.7
	(5.5)	(5.0)
CapEx Amounts expended	£2.6m for the quarter (Minimum Maintenance CapEx Amount required of £4.8m per annum)	
Number of Punch Taverns Mortgaged Properties disposed of or acquired	Disposals - 19 Acquisitions - nil	
Number of Pubs in Portfolio	3,854	
Weighted Average Return on all CapEx Amounts spent on all trading Pubs (in accordance with clause 16.8(c) of IBFA)	7.6%	



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FINANCIAL RATIO COMPLIANCE CERTIFICATE (continued)

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:

- (a) no material amendments made to the Material Contracts since the Fourth Closing Date;
- (b) no Material Contracts entered into since the Fourth Closing Date;
- (c) there have been 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: 21 April 2009

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

.....
Finance Director

.....
Director