



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – QUARTER 4 (AUGUST 2009)

CONTENTS

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

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PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – QUARTER 4 (AUGUST 2009)

Introduction

This report covers the 12 week period to 22 August 2009, which is the fourth 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”).

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

Quarter End	Reporting Period	Reporting Date
12 December 2009	16 weeks	26 January 2010
06 March 2010	12 weeks	20 April 2010
29 May 2010	12 weeks	13 July 2010
21 August 2010	12 weeks	05 October 2010

Debt Structure

During the quarter, the Punch Taverns Holdings group purchased loan notes with principal value of £30.4m.

Profit Commentary

Trading results for the fourth quarter were as follows:

- **Sales**

Turnover for the 12 week period to 22 August 2009 was £89.4m, of which rent contributed 29.0%.

- **Gross Profits**

The total gross profit in the 12 week period to 22 August 2009 was £57.5m, which gave a gross profit margin of 64.3%.

- **Operating Margin and EBITDA**

Operating margin for the rolling 4 quarters to 22 August 2009 was 56.7% resulting in an EBITDA of £227.7m.

EBITDA per pub for the rolling 4 quarters is £58,800.



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – QUARTER 4 (AUGUST 2009)

Estate Portfolio

- During the period, 269 pubs were disposed of for net proceeds of £112.4m and one pub was converted to an unlicensed property.

	<u>QUARTER 4</u> 12 weeks to 22 August 2009	<u>YTD 2008/09</u> 52 weeks to 22 August 2009
Number of Pubs		
Opening	3,929	4,022
Acquisitions	-	170
Other	(1)	(2)
Disposals	(269)	(531)
End of Period	<u>3,659</u>	<u>3,659</u>

Investment in Assets

	<u>QUARTER 4</u> 12 weeks to 22 August 2009 £m	<u>YTD 2008/09</u> 52 weeks to 22 August 2009 £m
Payments to acquire new pubs	0.0	74.6
Spend on existing pubs	2.4	9.9
Spend on other assets	0.9	2.1
Total Spend on Estate	<u>3.3</u>	<u>86.6</u>
Disposal Proceeds¹	<u>116.2</u>	<u>248.6</u>

¹ The proceeds in the current period include £3.8m (Year to date: £9.9m) relating to land and other sales.



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – QUARTER 4 (AUGUST 2009)

Debt Service Cover Ratio (DSCR)

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

	<u>QUARTER 4</u>	<u>Rolling 2</u>
	<u>12 weeks to</u>	<u>Quarters</u>
	<u>22 August</u>	<u>24 weeks to</u>
	<u>2009</u>	<u>22 August</u>
	<u>£m</u>	<u>2009</u>
		<u>£m</u>
EBITDA	50.6	103.3
Interest Payable	30.8	62.3
Interest Receivable	(0.5)	(0.6)
Capital Repayments ¹	3.0	4.8
	<u>33.4</u>	<u>66.6</u>
Debt Service Cover Ratio	1.52:1	1.55:1

¹ Calculated on a forward accruals basis.

Interest Payments

	<u>QUARTER 4</u>	<u>YTD 2008/09</u>
	<u>12 weeks to</u>	<u>52 weeks to</u>
	<u>22 August</u>	<u>22 August</u>
	<u>2009</u>	<u>2009</u>
	<u>£m</u>	<u>£m</u>
Interest Payments		
A1	4.9	19.6
A2	5.1	20.4
A3 (N)	-	1.7
B1	2.6	10.4
B2	3.1	12.6
B3	0.8	7.4
C	3.2	13.4
M1	2.7	11.5
M2 (N)	1.7	16.7
D1	0.7	6.0
Swap payments / (receipts)	7.8	14.1
Other	1.2	4.2
	<u>33.8</u>	<u>138.0</u>



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – QUARTER 4 (AUGUST 2009)

Restricted Payments

The following payments 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</u> <u>ending</u> <u>22 August 2009</u> <u>£m</u>
Excess Cash	107.9
Less: Capex in relevant period	(12.0)
Add: Capex funded from DPA	-
Available Excess Cash Amount	<u><u>95.9</u></u>
Restricted Payment Excess Cash	93.2
Tax due on the accrual of interest on the Borrower Subordinated Loans	<u>31.7</u>
	124.9
Less: Restriction to ensure total does not exceed Available Excess Cash Amount	(29.0)
	<u><u>95.9</u></u>



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

	QUARTER 4 12 weeks to 22 August 2009	YTD 2008/09 52 weeks to 22 August 2009
	£m	£m
Turnover		
Beer (net of discounts)	51.8	232.5
Rent	25.9	120.3
Machines	2.1	10.7
Other	9.6	37.8
Total Turnover	<u>89.4</u>	<u>401.3</u>
Gross Profit		
Beer	25.4	115.4
Rent	25.9	120.3
Machines	2.1	10.7
Other	4.1	15.8
Total Gross Profit	<u>57.5</u>	<u>262.2</u>
Operating Costs	(6.9)	(34.6)
EBITDA	<u>50.6</u>	<u>227.6</u>
Impairment of Tangible Fixed Assets	(180.4)	(197.3)
Depreciation and Amortisation	(2.6)	(11.6)
Exceptional Income ¹	12.8	23.3
Cash Interest Receivable	0.5	2.1
Cash Interest Payable	(30.8)	(137.1)
Non-Cash Interest Credit	0.3	-
Subordinated Loan Interest	(27.8)	(113.2)
Loss Before Taxation	<u>(177.4)</u>	<u>(206.2)</u>
Taxation	(1.0)	3.2
Loss After Taxation	<u>(178.4)</u>	<u>(203.0)</u>
Interim Dividends Paid	-	(55.4)
Loss for the Period	<u><u>(178.4)</u></u>	<u><u>(258.4)</u></u>

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



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

	As at 22 August 2009 £m	As at 23 August 2008 £m
Fixed Assets		
Goodwill	(6.6)	(7.2)
Tangible Fixed Assets	<u>2,426.2</u>	<u>2,791.1</u>
	<u>2,419.6</u>	<u>2,783.9</u>
Debtors		
Trade	27.3	24.1
Prepayments	5.6	10.3
Group Relief	<u>27.2</u>	<u>-</u>
	60.1	34.4
Cash at Bank and In Hand	<u>141.5</u>	<u>81.6</u>
CURRENT ASSETS	201.6	116.0
Creditors: amounts falling due within one year		
Loans	(12.5)	(32.3)
Trade Creditors	(2.9)	(3.8)
Other Creditors	(22.4)	(26.8)
Social Security and Other Taxes	(17.6)	(11.7)
Accruals and Deferred Income	<u>(31.2)</u>	<u>(44.7)</u>
	<u>(86.6)</u>	<u>(119.3)</u>
NET CURRENT ASSETS / (LIABILITIES)	115.0	(3.3)
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,534.6</u>	<u>2,780.6</u>
Creditors: amounts falling due after more than one year		
Loans	(1,890.7)	(2,017.5)
Accruals and Deferred Income	<u>(0.7)</u>	<u>(0.7)</u>
	(1,891.4)	(2,018.2)
Derivative Financial Instruments	(158.6)	(99.5)
Provisions for Liabilities and Charges	(30.8)	(54.2)
Amounts due from Group Undertakings	524.6	570.2
NET ASSETS	<u><u>978.4</u></u>	<u><u>1,178.9</u></u>
Capital and Reserves		
Share Capital	-	-
Share Premium	2,963.3	2,963.3
Capital Reserve	30.5	31.3
Hedge Reserve	(100.0)	(56.5)
Intercompany Funding ¹	(2,987.9)	(2,987.9)
Revaluation Reserve	454.8	475.4
Subordinated Loan Funding	797.5	702.4
Profit and Loss Reserves	(179.8)	50.9
SHAREHOLDERS' FUNDS	<u><u>978.4</u></u>	<u><u>1,178.9</u></u>

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



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW

	<u>QUARTER 4</u> 12 weeks to 22 August 2009 <u>£m</u>	<u>YTD 2008/09</u> 52 weeks to 22 August 2009 <u>£m</u>
Operating profit	48.0	216.1
Depreciation and amortisation	2.6	11.6
Cash flows on exceptional items	0.6	(2.1)
Decrease / (increase) in working capital	15.2	(0.4)
Net Cash Inflow from Operating Activities	<u>66.4</u>	<u>225.2</u>
Returns on Investment and Servicing of Finance		
Interest paid	(33.8)	(138.0)
Interest received	0.5	2.3
	<u>(33.3)</u>	<u>(135.7)</u>
Taxation Receipts	-	-
Capital Expenditure and Financial Investment		
Payments to acquire new pubs	(49.6)	(74.6)
Investment spend on fixed assets	(3.3)	(12.0)
Receipt from sale of fixed assets	116.2	248.6
	<u>63.3</u>	<u>162.0</u>
Equity Dividends Paid	-	(55.4)
Net Cash Inflow Before Financing	<u>96.4</u>	<u>196.1</u>
Financing		
Loans repaid	(21.6)	(118.1)
Amounts paid to other group undertakings	-	(18.1)
	<u>(21.6)</u>	<u>(136.2)</u>
NET INCREASE IN CASH	<u><u>74.8</u></u>	<u><u>59.9</u></u>



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL RATIO COMPLIANCE CERTIFICATE

To: Security Trustee

1. We, Phil Dutton and Neil Preston, each being a director of Punch Partnerships (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 22 August 2009 is 1.55:1
- (b) for the purposes of calculating the above, the following values are relevant for the Financial Quarter just ended:

	<u>Relevant Period</u> 24 weeks to 22 August 2009 £m
Debt Service (£m)	66.6
Interest Charges (£m)	62.3
EBITDA (£m)	103.3

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

Outlet EBITDA	£53.9m	
The average and final balance of each of the Securitisation Group Entity Accounts:	Average Balance (£m)	Final Balance (£m)
Acquisition Reserve A/c	-	-
Disposal Proceeds A/c	51.5	54.0
Controlled Cash A/c	20.1	20.0
Stamp Duty Reserve A/c	-	-
Collections A/c	44.5	67.7
Payments A/c	(4.4)	(0.5)



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL RATIO COMPLIANCE CERTIFICATE (continued)

CapEx Amounts expended	£3.9m for the quarter (Minimum Maintenance CapEx Amount required of £4.8m per annum)
Number of Punch Taverns Mortgaged Properties disposed of or acquired	Disposals - 269 Acquisitions - nil
Number of Pubs in Portfolio	3,659
Weighted Average Return on all CapEx Amounts spent on all trading Pubs (in accordance with clause 16.8(c) of IBFA)	7.3%
Free Cash Flow	£254.7m
Excess Cash	£107.9m
Restricted Payment Excess Cash	£93.2m
Net Worth	£578.2m



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

FINANCIAL RATIO COMPLIANCE CERTIFICATE (continued)

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: 6 October 2009

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

.....
Finance Director

.....
Director