



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

FINANCIAL REPORT – QUARTER 4 (AUGUST 2007)

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

FINANCIAL REPORT – QUARTER 4 (AUGUST 2007)

Introduction

This report covers the 12 week period to 18 August 2007, which is the fourth quarter of the 2006/07 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 follows:

Quarter End	Reporting Period	Reporting Date
8 December 2007	16 weeks	22 January 2008
1 March 2008	12 weeks	15 April 2008
24 May 2008	12 weeks	8 July 2008
23 August 2008	13 weeks	7 October 2008

The 2007/08 financial year for the Punch Taverns group is a 53 week period.

Senior Management Changes

On 6 September 2007, the company announced that Robert McDonald will be retiring as Finance Director of Punch Taverns plc. Phil Dutton, who joined the Board of Punch as a non-Executive Director in January 2007 will replace Robert as Finance Director.

Profit Commentary

Trading results for the 12 week period were as follows:

- **Sales**

Turnover for the 12 week period to 18 August 2007 was £67.6m, of which rent contributed 26.5%, up from 24.2% in Q4 2006/07.

- **Gross profits**

The total gross profit in the 12 week period to 18 August 2007 was £43.8m, which gave a gross profit margin of 64.9% compared to a total gross profit of £42.6m in Q4 2006/07 (margin of 61.5%).

- **Operating Margin and EBITDA**

Operating margin for the 12 week period to 18 August 2007 was 57.2 % resulting in an EBITDA of £38.6m. This is an increase in operating margin of 4.7% as compared to Q4 2006/07 when EBITDA was £36.4m.

EBITDA for the 52 week period to 18 August 2007 was £163.7m. This compares favourably to the run rate of £157.0m, as stated in the Offering Circular.



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Estate Portfolio

- 1 pub disposal was made during the quarter, for net proceeds of £0.3m, and the head lease expired on one pub, resulting in a closing estate of 2,754

	<u>Quarter 4</u> 12 weeks to 18 August 2007 <u>No</u>	<u>YTD</u> 52 weeks to 18 August 2007 <u>No</u>
Number of Pubs		
Opening	2,756	3,037
Acquisitions	-	66
Other ¹	(1)	(1)
Disposals	(1)	(348)
	<u>2,754</u>	<u>2,754</u>

¹ During the quarter, 1 head lease expired.

Investment in Pub Estate

	<u>Quarter 4</u> 12 weeks to 18 August 2007 <u>£m</u>	<u>YTD</u> 52 weeks to 18 August 2007 <u>£m</u>
Payments to acquire new pubs	-	98.0
Spend on existing pubs	13.9	50.1
Total Spend on Estate	<u>13.9</u>	<u>148.1</u>
Disposal Proceeds¹	<u>1.4</u>	<u>100.7</u>

¹ In the current quarter, £0.9m of the disposal proceeds relates to a pub which was disposed in the previous quarter and £0.2m relate to land and other fixed asset disposals. In the year to date, £0.8m of the disposal proceeds relates to land and other fixed asset disposals



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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 18 August 2007 <u>£m</u>	<u>Rolling 2 Quarters</u> 24 weeks to 18 August 2007 <u>£m</u>	<u>Rolling 4 Quarters</u> 52 weeks to 18 August 2007 <u>£m</u>
EBITDA	38.6	77.0	163.7
Interest Payable	17.8	35.7	77.6
Interest Receivable	(0.8)	(1.6)	(3.8)
Capital Repayments ¹	-	-	-
	<u>17.0</u>	<u>34.1</u>	<u>73.8</u>
Debt Service Cover Ratio	2.27 : 1	2.26 : 1	2.22 : 1

¹ Capital repayments to commence in December 2009

Interest and Capital Payments

	<u>Quarter 4</u> 12 weeks to 18 August 2007 <u>£m</u>	<u>YTD</u> 52 weeks to 18 August 2007 <u>£m</u>
Interest Payments		
A3	3.7	14.8
A6	3.3	13.2
A7	3.0	12.0
A8	3.7	13.6
B1	1.6	6.4
B2	2.2	8.8
C	2.1	7.8
Swap costs / (receipts)	(0.6)	(0.8)
Other	0.3	1.4
	<u>19.3</u>	<u>77.2</u>

Capital repayments do not commence until December 2009.



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Restricted Payments

The following payments to Punch Taverns (PMH) Limited can be made during the second half of the financial 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>18 August 2007</u> <u>£m</u>
Free Cash Flow	77.0
Less: Debt Service	(34.1)
Less: current period restriction of R(FCF) to 1.3: 1	(10.2)
Plus: prior period restriction of unapplied excess cash (A-B)	11.9
Excess Cash	<hr/> 44.6
Capex in relevant period	(24.5)
Add: capex funded from DPA	1.8
Capex required to be funded from excess cash	<hr/> (22.7)
Available Excess Cash:	
Total Permitted Restricted Payment	<hr/> <hr/> 21.9



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PROFIT AND LOSS ACCOUNT

	Quarter 4 12 weeks to 18 August 2007 £m	YTD 52 weeks to 18 August 2007 £m
Turnover		
Beer (net of discounts)	39.5	175.0
Rent	17.9	75.3
Machines	2.5	11.8
Other	7.7	30.8
Total Turnover	67.6	292.9
Gross Profit		
Beer	20.3	90.6
Rent	17.9	75.3
Machines	2.5	11.8
Other	3.1	12.2
Total Gross Profit	43.8	189.9
Operating Costs	(5.2)	(26.2)
EBITDA	38.6	163.7
Loss on Disposal	(2.5)	(27.4)
Depreciation and Amortisation	(1.0)	(4.2)
Exceptional Items	(1.3)	(1.8)
Cash Interest Receivable	0.8	3.8
Cash Interest Payable	(17.8)	(77.6)
Non-Cash Interest Charge	(1.5)	(1.8)
Subordinated Loan Interest	(6.1)	(26.9)
Profit Before Taxation	9.2	27.8
Taxation	(3.7)	(16.8)
Profit After Taxation	5.5	11.0
Interim Dividend Paid	-	(25.6)
Profit / (Loss) for the Period	5.5	(14.6)



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CONSOLIDATED BALANCE SHEET

	<u>Quarter 4</u> As at 18 August 2007 £m	<u>2005/06</u> As at 19 August 2006 £m
Fixed Assets		
Investments	1.1	-
Goodwill	(17.6)	(18.6)
Tangible Fixed Assets	1,664.9	1,651.7
	1,648.4	1,633.1
Debtors		
Trade	22.3	21.6
Prepayments	5.9	8.6
	28.2	30.2
Cash at Bank and In Hand	69.6	83.6
CURRENT ASSETS	97.8	113.8
Creditors: amounts falling due within one year		
Trade Creditors	(4.9)	(19.7)
Other Creditors	(14.4)	(10.9)
Corporation Tax	(24.1)	(4.0)
Social Security and Other Taxes	(3.2)	0.8
Accruals and Deferred Income	(23.8)	(25.1)
	(70.4)	(58.9)
NET CURRENT ASSETS	27.4	54.9
TOTAL ASSETS LESS CURRENT LIABILITIES	1,675.8	1,688.0
Creditors: amounts falling due after more than one year		
Loans	(1,234.1)	(1,232.7)
	441.7	455.3
Provisions for Liability and Charges	(14.9)	(16.7)
Amounts due from Group Undertakings	205.9	204.8
NET ASSETS	632.7	643.4
Capital and Reserves		
Share Capital	84.0	84.0
Revaluation Reserve ¹	340.3	349.8
Other Capital Reserves	7.6	7.6
Subordinated Loan Funding	186.5	183.8
Profit and Loss Reserves	14.3	18.2
TOTAL SHAREHOLDERS' FUNDS	632.7	643.4

¹ The figures above do not reflect the year end adjustment for the revaluation of fixed assets at August 2007. This will be reflected in the Q1 2007/08 report.



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CONSOLIDATED CASH FLOW

	<u>Quarter 4</u> 12 weeks to 18 August 2007 £m	<u>YTD</u> 52 weeks to 18 August 2007 £m
Operating profit	37.7	159.6
Depreciation and amortisation	1.0	4.3
Cash flows from exceptional items	-	(0.4)
Decrease / (increase) in working capital	12.6	(10.2)
Net Cash Inflow From Operating Activities	<u>51.3</u>	<u>153.3</u>
Returns on Investment and Servicing of Finance		
Interest paid	(19.3)	(77.2)
Interest received	0.9	3.9
	<u>(18.4)</u>	<u>(73.3)</u>
Taxation Receipts	-	3.3
Capital Expenditure and Financial Investment		
Payments to acquire new pubs	-	(98.0)
Investment spend on fixed assets	(13.9)	(50.1)
Receipt from sale of fixed assets	1.4	100.7
	<u>(12.5)</u>	<u>(47.4)</u>
Net Cash Inflow Before Financing	<u>20.4</u>	<u>35.9</u>
Financing		
Amounts paid to other group undertakings	-	(49.9)
INCREASE / (DECREASE) IN CASH	<u>20.4</u>	<u>(14.0)</u>



**PUNCH TAVERNS FINANCE B
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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:
 - i) for the period of four Financial Quarters ending on 18 August 2007 is 2.22 : 1;
 - ii) for the period of two Financial Quarters ending on 18 August 2007 is 2.26 : 1.
- (c) the FCF Ratio:
 - i) for the period of four Financial Quarters ending on 18 August 2007 is 2.22 : 1;
 - ii) for the period of two Financial Quarters ending on 18 August 2007 is 2.26 : 1.
- (d) the Peak Debt Service Ratio for the period of four Financial Quarters ending on 18 August 2007 was 1.46 :1
- (e) the Net Worth of the New Securitisation Group calculated in accordance with Clause 15.3 of the Issuer/Borrower Facility Agreement for the Financial Quarter ending on 18 August 2007 is £426.8m
- (f) for the purposes of calculating the ratios, above, the following values were relevant for the Financial Quarter just ended:

EBITDA:	£38.6m
Look Back EBITDA	There is no requirement to test this covenant until the last quarter ending prior to June 2022
Debt Service:	£17.0m
Expected Class A Debt Service	There is no requirement to test this covenant until the quarter commencing in August 2028
Interest Charges:	£17.8m



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

Free Cash Flow £38.6m
Outlet EBITDA £42.4m

The average and final balance of each of the New Securitisation Group Entity Accounts:

	Average Balances (£m)	Final Balance (£m)
Operating / Collections Accounts	57.1	67.2
Disposal Proceeds Account	3.0	1.9

Minimum Maintenance CapEx Amount £1.6m per semi-annual period

CapEx Amounts expended £13.9m

Number of Punch Taverns B Mortgaged Properties disposed of or acquired Disposed - 1
Acquired - nil

Number of Pubs in Portfolio 2,754

Weighted Average Return on all CapEx Amounts spent on all trading Pubs from close (in accordance with clause 16.8(a) of IBFA) 17.3%

Excess Cash £89.8m for 52 weeks ended 18th August 2007

(h) 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 Borrower Security Trustee) has occurred;

Terms used in this Financial Ratio Compliance Certificate that are not defined herein shall have the meaning given to them in the Master Definitions and Construction Agreement dated 1 August 2005.

Dated: 2 October 2007

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

.....
Finance Director

.....
Director