



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

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**FINANCIAL REPORT – MAY 2004 QUARTER**

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## PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

### FINANCIAL REPORT – MAY 2004 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 29 May 2004, which is the third quarter of the 2003/04 financial year.

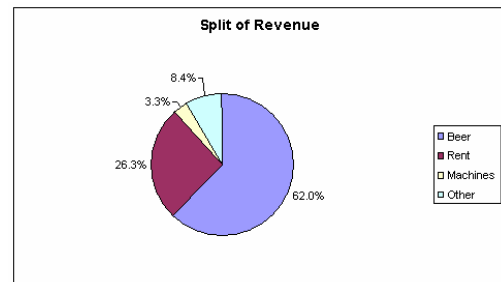
The balance sheet on page 7 has been prepared using the acquisition method of accounting.

#### Profit Commentary

Trading results for the twelve-week period are as follows:

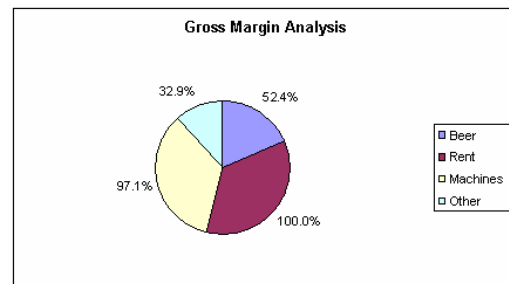
##### • Turnover

- Total turnover of £102.6m, up 5.9% on Q2 03/04.
- The increase has been driven principally by growth in wet sales. This is due to increased volumes, assisted by annual price rises.
- Rental income has grown by 0.7% on Q2 03/04.



##### • Gross Profits

- Total gross profits of £66.5m (up £3.4m on Q2), resulting in a gross profit margin of 64.8%.
- Beer gross profits have risen to £33.4m, up £3.3m on Q2 03/04. Beer margins have also risen from 51.3% in Q2 03/04 to 52.4% in Q3 03/04.



##### • Estate

- The number of Growth Leases in the estate has risen from 1,462 at end of Q2 03/04 to 1,504 at end of Q3 03/04.
- Two disposals were made during the quarter, resulting in a closing estate balance of 4,230.

##### • Operating Margin and EBITDA

- EBITDA of £57.4m, which represent a growth of £2.7m (4.9%) on prior quarter.



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**Estate Portfolio**

	<b><u>Quarter 3</u></b> <b>12 weeks to</b> <b>29 May 2004</b> <b><u>No</u></b>	<b><u>YTD</u></b> <b>30 weeks to</b> <b>29 May 2004</b> <b><u>No</u></b>
<b>Number of Pubs</b>		
Opening	4,231	4,304
Acquisitions	-	23
Other <sup>1</sup>	1	1
Disposals	(2)	(98)
	<b><u>4,230</u></b>	<b><u>4,230</u></b>

<sup>1</sup>Four pubs have been converted to unlicensed premises during the quarter. Additionally, opening pub numbers have been adjusted upwards by five.

**Investment in Pub Estate**

	<b><u>Quarter 3</u></b> <b>12 weeks to</b> <b>29 May 2004</b> <b><u>£000</u></b>	<b><u>YTD</u></b> <b>30 weeks to</b> <b>29 May 2004</b> <b><u>£000</u></b>
Payments to acquire new pubs	-	11,330
Spend on Existing Pubs	7,779	19,852
Spend on other assets	1,984	4,858
<b>Total Spend on Estate</b>	<b><u>9,763</u></b>	<b><u>36,040</u></b>
<b>Disposal Proceeds</b>	<b><u>4,113</u></b>	<b><u>23,302</u></b>

Disposal proceeds in this quarter include proceeds from the sale of the Kings Head, Fulham, which was disposed of in Q2 03/04.



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**FINANCIAL REPORT – MAY 2004 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 29 May 2004 <u>£000</u>	<u>Rolling Two</u> <u>Quarters</u> 24 weeks to 29 May 2004 <u>£000</u>	<u>YTD</u> 30 weeks to 29 May 2004 <u>£000</u>
<b>EBITDA</b>	<u>57,444</u>	<u>112,152</u>	<u>140,835</u>
Interest Payable	30,288	60,708	75,522
Interest Receivable	(725)	(1,300)	(1,657)
Capital Repayments <sup>1</sup>	4,654	7,972	7,972
	<u>34,217</u>	<u>67,380</u>	<u>81,837</u>
<b>Debt Service Cover Ratio</b>	<b>1.68</b>	<b>1.66</b>	<b>1.72</b>

<sup>1</sup> Calculated on a forward accruals basis.  
(Capital repayments commenced on 15 January 2004)

**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 29 May 2004 <u>£000</u>	<u>YTD</u> 30 weeks to 29 May 2004 <u>£000</u>
<b>Interest Payments</b>		
A1	4,911	9,822
A2	5,088	11,199
A3	1,555	2,822
B1	2,649	5,298
B2	3,123	6,875
C	3,457	6,239
M1	2,926	5,280
M2	5,138	9,179
Swap costs	3,065	5,673
Other	715	1,353
	<u>32,627</u>	<u>63,740</u>
<b>Capital Repayment</b>	<u>4,379</u>	<u>10,186</u>



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

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**FINANCIAL REPORT – MAY 2004 QUARTER**

**Restricted Payments**

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

	<u>Relevant Period</u> <u>18 weeks ending</u> <u>6 March 2004</u>
	<u>£m</u>
Restricted Payment Excess Cash	28.4
Less: Capex payments funded from above	(2.9)
Plus: Tax due on the accrual of interest on the Borrower Subordinated Loans	9.0
	<hr/> 34.5
Less: Restriction to ensure total does not exceed Excess Cash	<hr/> (1.3)
<b>Total Permitted Restricted Payment</b>	<hr/> <b>33.2</b>
 <b>Utilisation:</b>	
Q3 2003/04 - Repayment of Borrower Subordinated Loan	<hr/> (12.0)
	<hr/> <b>21.2</b>



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**PROFIT AND LOSS ACCOUNT**

	<u>Quarter 3</u> 12 weeks to 29 May 2004 £000	<u>YTD</u> 30 weeks to 29 May 2004 £000
<b>Turnover</b>		
Beer (net of discounts)	63,671	154,516
Rent	27,006	67,790
Machines	3,378	8,736
Other	8,592	21,152
<b>Total Turnover</b>	<u>102,647</u>	<u>252,194</u>
<b>Gross Profit</b>		
Beer	33,382	79,812
Rent	27,006	67,790
Machines	3,279	8,485
Other	2,831	7,051
<b>Total Gross Profit</b>	<u>66,498</u>	<u>163,138</u>
Operating Costs	(9,054)	(22,303)
<b>EBITDA</b>	<u>57,444</u>	<u>140,835</u>
Exceptional Property Trading Profit / (Losses)	122	(7,844)
Depreciation and Amortisation	(1,292)	(3,170)
Exceptional Costs	(579)	(7,202)
Cash Interest Receivable	725	1,657
Cash Interest Payable	(30,288)	(75,522)
Non-Cash Interest Charge	(710)	(1,807)
Subordinated Loan Interest	(21,105)	(50,958)
<b>Profit / (Loss) Before Taxation</b>	<u>4,317</u>	<u>(4,011)</u>



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**CONSOLIDATED BALANCE SHEET**

As at 29 May  
2004  
£000

<b>Fixed Assets</b>	
Goodwill	(9,498)
Tangible Fixed Assets	2,290,527
	<u>2,281,029</u>
<b>Debtors</b>	
Trade	22,021
Prepayments	16,285
Other	2,913
	<u>41,219</u>
Cash at Bank and In Hand	72,297
<b>CURRENT ASSETS</b>	<u>113,516</u>
<b>Creditors: amounts falling due within one year</b>	
Loans	(17,737)
Trade Creditors	(4,985)
Other Creditors	(19,773)
Corporation Tax	(9)
Social Security and Other Taxes	(725)
Accruals and Deferred Income	(41,980)
	<u>(95,799)</u>
<b>NET CURRENT ASSETS</b>	<u>17,717</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>2,298,746</u>
<b>Creditors: amounts falling due after more than one year</b>	
Loans	(1,774,493)
Accruals and Deferred Income	(3,714)
	<u>(1,778,207)</u>
Provisions for Liability and Charges	(50,352)
Amounts due from Group Undertakings	341,701
	<u>811,888</u>
<b>NET ASSETS</b>	<u><b>811,888</b></u>
<b>Capital and Reserves</b>	
Share Capital	64
Share Premium	2,963,314
Capital Reserve	34,839
Intercompany Funding <sup>1</sup>	(2,977,608)
Revaluation Reserve	178,557
Subordinated Loan Funding	597,625
Profit and Loss Reserves	19,108
(Loss) for the period	(4,011)
	<u>811,888</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<u><b>811,888</b></u>

<sup>1</sup>Represents Punch Retail Limited intercompany balances with Punch Retail (Acquisition Finance) Limited and Punch Retail (Acquisition Company) Limited.



**PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES**

**CONSOLIDATED CASH FLOW**

	<b>Quarter 3</b>
	<b>12 Weeks to</b>
	<b>29 May 2004</b>
	<b>£000</b>
<b>Net Cash Inflow From Operating Activities<sup>1</sup></b>	53,467
<b>Returns on Investment and Servicing of Finance</b>	
Interest Paid	(32,627)
Interest Receivable	725
	<u>(31,902)</u>
<b>Taxation Receipts</b>	<u>-</u>
<b>Capital Expenditure and Financial Investment</b>	
Payments to acquire new pubs	-
Investment Spend on Existing Pubs	(9,764)
Receipt from Sale of Pubs	4,113
	<u>(5,651)</u>
<b>Net Cash Inflow Before Financing</b>	<u>15,914</u>
<b>Financing</b>	
Loan repaid	(4,379)
Amounts paid to other group undertakings <sup>2</sup>	(14,341)
	<u>(18,720)</u>
<b>NET (DECREASE) IN CASH</b>	<u>(2,806)</u>

<sup>1</sup>Includes intercompany movements associated with the supply of wet sales to the trading entities

<sup>2</sup>Includes a £12m repayment of subordinated loan arrangements, in accordance with 16.4(b) of the IBFA (refer to page 5).



**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 Pub Company (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 29 May 2004 was 1.66:1.
- (b) for the purposes of calculating the above, the following values were relevant for the Financial Quarter just ended:

	<b><u>Rolling Two Quarters</u></b> <b>24 weeks to 29 May 2004</b>
Debt Service (£000)	67,380
Interest Charges (£000)	59,408
EBITDA (£000)	112,152

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

Outlet EBITDA	£63.8m	
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	<b>Average Balance (£m)</b>	<b>Final Balance (£m)</b>
	0.1	0.1
	19.3	9.9
	21.0	20.6
	-	-
	43.9	40.1
	(4.7)	(1.5)
CapEx Amounts expended	£9.8m for the quarter (Minimum Maintenance CapEx Amount Required of £4.3m per annum)	
Number of Punch Taverns Mortgaged Properties disposed of or acquired	Disposals – 2	
Number of Pubs in Portfolio	4,230	
Weighted Average Return on all CapEx Amounts spent on all trading Pubs	34.5%	



**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

(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;
- (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 2004

Signed for and on behalf of

.....  
Finance Director

.....  
Director