



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

---

**FINANCIAL REPORT – QUARTER 3 (MAY 2008)**

**CONTENTS**

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

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



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

---

## **FINANCIAL REPORT – QUARTER 3 (MAY 2008)**

### **Introduction**

This report covers the 12 week period to 24 May 2008, which is the third quarter of the 2007/08 financial year.

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

### **Profit Commentary**

Trading results for the 12 week period were as follows:

- **Sales**

Turnover for the 12 week period to 24 May 2008 was £103.6m, of which rent contributed 29.7%, up from 28.4% in the 12 week period to 26 May 2007.

- **Gross Profits**

The total gross profit in the 12 week period to 24 May 2008 was £68.4m, which gave a gross profit margin of 66.0%, compared to a gross profit margin of 64.9% in the third quarter of the prior year.

- **Operating Margin and EBITDA**

Operating margin for the rolling 4 quarters to 24 May 2008 was 59.4% resulting in an EBITDA of £262.8m. This is an increase in operating margin of 2.2% as compared to the rolling 4 quarters to 26 May 2007 when EBITDA was £247.5m.

EBITDA per pub for the rolling 4 quarters is £65,700, up from £62,200 at the same point in 2006/07.



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

---

**FINANCIAL REPORT – QUARTER 3 (MAY 2008)**

**Estate Portfolio**

- During the period, two pubs have been disposed for proceeds of £1.1m, and the head lease has expired on one pub.

	<b><u>QUARTER 3</u></b> <b>12 weeks to</b> <b>24 May</b> <b>2008</b>	<b><u>YTD 2007/08</u></b> <b>40 weeks to</b> <b>24 May</b> <b>2008</b>
<b>Number of Pubs</b>		
Opening	4,032	4,035
Acquisitions	-	-
Other <sup>1</sup>	(1)	(1)
Disposals	(2)	(5)
<b>End of Period</b>	<b><u>4,029</u></b>	<b><u>4,029</u></b>

<sup>1</sup> During the period, the head lease expired on one pub.

**Investment in Assets**

	<b><u>QUARTER 3</u></b> <b>12 weeks to</b> <b>24 May</b> <b>2008</b> <b>£m</b>	<b><u>YTD 2007/08</u></b> <b>40 weeks to</b> <b>24 May</b> <b>2008</b> <b>£m</b>
Spend on existing pubs	2.8	23.2
Spend on other assets	1.4	3.6
<b>Total Spend on Estate</b>	<b><u>4.2</u></b>	<b><u>26.8</u></b>
<b>Disposal Proceeds<sup>1</sup></b>	<b><u>2.4</u></b>	<b><u>5.1</u></b>

<sup>1</sup> The proceeds in the current period include £1.3m (year to date: £2.1m) relating to land and other sales.



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

## FINANCIAL REPORT – QUARTER 3 (MAY 2008)

### Debt Service Cover Ratio (DSCR)

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

	<u>QUARTER 3</u>	<u>Rolling 2</u> <u>Quarters</u>
	12 weeks to 24 May 2008	24 weeks to 24 May 2008
	<u>£m</u>	<u>£m</u>
<b>EBITDA</b>	<b>60.1</b>	<b>120.1</b>
Interest Payable	33.0	66.6
Interest Receivable	(0.7)	(1.6)
Capital Repayments <sup>1</sup>	7.3	14.3
	<b>39.6</b>	<b>79.3</b>
<b>Debt Service Cover Ratio</b>	<b>1.51:1</b>	<b>1.51:1</b>

<sup>1</sup> Calculated on a forward accruals basis.

### Interest and Capital Payments

	<u>QUARTER 3</u>	<u>YTD</u>
	12 weeks to 24 May 2008	40 weeks to 24 May 2008
	<u>£m</u>	<u>£m</u>
<b>Interest Payments</b>		
A1	4.9	14.7
A2	5.1	15.4
A3 (N)	1.6	5.6
B1	2.6	7.9
B2	3.1	9.5
B3	2.6	8.6
C	3.5	10.5
M1	2.9	8.9
M2 (N)	5.9	19.3
D1	2.0	6.6
Swap payments / (receipts)	0.6	(0.2)
Other	0.9	2.9
	<b>35.7</b>	<b>109.7</b>
<b>Capital Repayments</b>		
A3 (N)	<b>8.1</b>	<b>23.3</b>



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

---

**FINANCIAL REPORT – QUARTER 3 (MAY 2008)**

**Restricted Payments**

The following payments to Punch Taverns Intermediate Holdings Limited can be made during the current financial year in accordance with the Permitted Restricted Payment terms (Clause 16.4(b) of IBFA):

	<u>Relevant Period</u> <b>52 weeks ending 18 August 2007</b>
	<u>£m</u>
Excess Cash	93.4
Less: Capex in relevant period	(59.5)
Add: Capex funded from DPA	0.7
<b>Available Excess Cash Amount</b>	<b>34.6</b>
<hr/>	
Restricted Payment Excess Cash	78.2
Tax due on the accrual of interest on the Borrower Subordinated Loans	30.7
	<hr/> 108.9
Less: Restriction to ensure total does not exceed Available Excess Cash Amount	(74.3)
	<hr/> <b>34.6</b> <hr/>
<b>Utilisation to date:</b>	
Q1 2007/08 – Repayment of Borrower subordinated loan accrued interest	20.0
Q2 2007/08 – Repayment of Borrower subordinated loan accrued interest	14.6
	<hr/> <b>34.6</b> <hr/>



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

**PROFIT AND LOSS ACCOUNT**

	<b>QUARTER 3</b>	<b>YTD</b>
	<b>12 weeks</b>	<b>40 weeks</b>
	<b>to</b>	<b>to</b>
	<b>24 May</b>	<b>24 May</b>
	<b>2008</b>	<b>2008</b>
	<b>£m</b>	<b>£m</b>
<b>Turnover</b>		
Beer (net of discounts)	60.6	195.1
Rent	30.7	103.6
Machines	3.1	10.4
Other	9.2	30.2
<b>Total Turnover</b>	<b>103.6</b>	<b>339.3</b>
<b>Gross Profit</b>		
Beer	30.9	99.2
Rent	30.7	103.6
Machines	3.1	10.4
Other	3.7	12.4
<b>Total Gross Profit</b>	<b>68.4</b>	<b>225.6</b>
Operating Costs	(8.3)	(24.5)
<b>EBITDA</b>	<b>60.1</b>	<b>201.1</b>
Profit / (Loss) on Disposal	0.1	(2.4)
Depreciation and Amortisation	(2.7)	(8.8)
Exceptional Costs <sup>1</sup>	(0.9)	(1.4)
Cash Interest Receivable	0.7	2.7
Cash Interest Payable	(33.0)	(110.9)
Non-Cash Interest Credit	1.1	2.0
Subordinated Loan Interest	(23.2)	(75.3)
<b>Profit Before Taxation</b>	<b>2.2</b>	<b>7.0</b>
Taxation	(0.6)	(3.3)
<b>Profit After Taxation</b>	<b>1.6</b>	<b>3.7</b>

<sup>1</sup> Exceptional costs relate to costs incurred on reorganisation of field and central support teams.



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

**CONSOLIDATED BALANCE SHEET**

	<b>As at 24 May 2008 £m</b>	<b>As at 18 August 2007<sup>1</sup> £m</b>
<b>Fixed Assets</b>		
Goodwill	(7.3)	(7.7)
Investments	-	2.1
Tangible Fixed Assets	2,795.0	2,783.5
	<b>2,787.7</b>	<b>2,777.9</b>
<b>Debtors</b>		
Trade	32.7	26.9
Prepayments	7.5	7.8
	40.2	34.7
Cash at Bank and In Hand	66.2	65.3
<b>CURRENT ASSETS</b>	<b>106.4</b>	<b>100.0</b>
<b>Creditors: amounts falling due within one year</b>		
Loans	(32.3)	(30.0)
Trade Creditors	(3.4)	(7.6)
Other Creditors	(27.7)	(26.5)
Social Security and Other Taxes	(12.6)	(8.8)
Accruals and Deferred Income	(42.9)	(49.1)
	<b>(118.9)</b>	<b>(122.0)</b>
<b>NET CURRENT LIABILITIES</b>	<b>(12.5)</b>	<b>(22.0)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>2,775.2</b>	<b>2,755.9</b>
<b>Creditors: amounts falling due after more than one year</b>		
Loans	(2,025.3)	(2,049.7)
Accruals and Deferred Income	(0.9)	(0.9)
	<b>(2,026.2)</b>	<b>(2,050.6)</b>
Derivative Financial Instruments	(98.1)	(62.2)
Provisions for Liabilities and Charges	(41.5)	(52.4)
Amounts due from Group Undertakings	543.4	543.3
<b>NET ASSETS</b>	<b>1,152.8</b>	<b>1,134.0</b>
<b>Capital and Reserves</b>		
Share Capital	-	-
Share Premium	2,963.3	2,963.3
Capital Reserve	31.5	32.2
Hedge Reserve	(54.9)	(27.5)
Intercompany Funding <sup>2</sup>	(2,987.9)	(2,987.9)
Revaluation Reserve	437.0	437.6
Subordinated Loan Funding	676.5	635.7
Profit and Loss Reserves	87.3	80.6
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>1,152.8</b>	<b>1,134.0</b>

<sup>1</sup> The prior year figures have been restated to reflect the adoption of FRS 20 'Share Based Payments' and adjustments made on finalisation of underlying statutory accounts. The impact of these adjustments has been to increase net assets by £7.4m, being £6.1m FRS 20 and £1.3m provisions and accruals.

<sup>2</sup> 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 3</u> 12 weeks to 24 May 2008 £m	<u>YTD 2007/08</u> 40 weeks to 24 May 2008 £m
Operating profit	57.4	192.3
Depreciation and amortisation	2.7	8.8
Cash flows on exceptional items	(0.7)	(2.9)
Decrease / (increase) in working capital	6.5	(8.1)
<b>Net Cash Inflow From Operating Activities</b>	<u>65.9</u>	<u>190.1</u>
<b>Returns on Investment and Servicing of Finance</b>		
Interest paid	(35.7)	(109.7)
Interest received	0.4	2.5
	<u>(35.3)</u>	<u>(107.2)</u>
<b>Taxation Payments</b>	-	-
<b>Capital Expenditure and Financial Investment</b>		
Investment spend on fixed assets	(4.2)	(26.8)
Receipt from sale of fixed assets	2.4	5.1
	<u>(1.8)</u>	<u>(21.7)</u>
<b>Net Cash Inflow Before Financing</b>	<u>28.8</u>	<u>61.2</u>
<b>Financing</b>		
Loans repaid	(8.1)	(23.3)
Amounts paid to other group undertakings	-	(37.0)
	<u>(8.1)</u>	<u>(60.3)</u>
<b>NET INCREASE IN CASH</b>	<u><u>20.7</u></u>	<u><u>0.9</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 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 24 May 2008 was 1.51 : 1
- (b) for the purposes of calculating the above, the following values were relevant for the Financial Quarter just ended:

	<u>Relevant Period</u> 24 weeks to 24 May 2008
Debt Service (£m)	£79.3m
Interest Charges (£m)	£66.6m
EBITDA (£m)	£120.1m

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

Outlet EBITDA	£64.2m																					
The average and final balance of each of the Securitisation Group Entity Accounts:	<table border="1"> <thead> <tr> <th></th> <th align="center"><b>Average Balance (£m)</b></th> <th align="center"><b>Final Balance (£m)</b></th> </tr> </thead> <tbody> <tr> <td>Acquisition Reserve A/c</td> <td align="center">0.1</td> <td align="center">0.1</td> </tr> <tr> <td>Disposal Proceeds A/c</td> <td align="center">3.1</td> <td align="center">3.8</td> </tr> <tr> <td>Controlled Cash A/c</td> <td align="center">20.3</td> <td align="center">20.4</td> </tr> <tr> <td>Stamp Duty Reserve A/c</td> <td align="center">-</td> <td align="center">-</td> </tr> <tr> <td>Collections A/c</td> <td align="center">49.3</td> <td align="center">58.8</td> </tr> <tr> <td>Payments A/c</td> <td align="center">(8.3)</td> <td align="center">(16.9)</td> </tr> </tbody> </table>		<b>Average Balance (£m)</b>	<b>Final Balance (£m)</b>	Acquisition Reserve A/c	0.1	0.1	Disposal Proceeds A/c	3.1	3.8	Controlled Cash A/c	20.3	20.4	Stamp Duty Reserve A/c	-	-	Collections A/c	49.3	58.8	Payments A/c	(8.3)	(16.9)
	<b>Average Balance (£m)</b>	<b>Final Balance (£m)</b>																				
Acquisition Reserve A/c	0.1	0.1																				
Disposal Proceeds A/c	3.1	3.8																				
Controlled Cash A/c	20.3	20.4																				
Stamp Duty Reserve A/c	-	-																				
Collections A/c	49.3	58.8																				
Payments A/c	(8.3)	(16.9)																				
CapEx Amounts expended	£3.5m for the quarter (Minimum Maintenance CapEx Amount required of £4.6m per annum)																					
Number of Punch Taverns Mortgaged Properties disposed of or acquired	Disposals – 2 Acquisitions – 0																					
Number of Pubs in Portfolio	4,029																					
Weighted Average Return on all CapEx Amounts spent on all trading Pubs (in accordance with clause 16.8(c) of IBFA)	14.1%																					



**PUNCH TAVERNS FINANCE  
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
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: 8 July 2008

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

.....  
Finance Director

.....  
Director