



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

FINANCIAL REPORT – QUARTER 3 (MAY 2011)

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**PUNCH TAVERNS FINANCE B
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FINANCIAL REPORT – QUARTER 3 (MAY 2011)

Introduction

This report covers the 12 week period to 28 May 2011, which is the third quarter of the 2010/11 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 third quarter were as follows:

- **Sales**

Turnover for the 12 week period to 28 May 2011 was £48.7m, of which rent contributed 23.6%.

- **Gross Profits**

The total gross profit in the 12 week period to 28 May 2011 was £33.8m, which gave a gross profit margin of 69.4%.

- **Operating Margin and EBITDA**

Operating margin in the quarter has benefited by £5.1m through support provided by the Punch Taverns plc group.

Operating margin for the rolling 4 quarters to 28 May 2011 was 65.0% resulting in an EBITDA of £137.8m.



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Estate Portfolio

- During the period, 30 pubs were individually disposed of for net proceeds of £6.2m and one pub was converted to an unlicensed property.

	<u>Quarter 3</u> 12 weeks to 28 May 2011	<u>YTD 2010/11</u> 40 weeks to 28 May 2011
Number of Pubs		
Opening	2,113	2,178
Other	(1)	(2)
Disposals	(30)	(94)
End of Period	<u>2,082</u>	<u>2,082</u>

Investment in Pub Estate

	<u>Quarter 3</u> 12 weeks to 28 May 2011 £m	<u>YTD 2010/11</u> 40 weeks to 28 May 2011 £m
Spend on existing pubs	5.6	15.9
Total Spend on Estate	<u>5.6</u>	<u>15.9</u>
Disposal Proceeds¹	<u>6.4</u>	<u>19.6</u>

¹ The proceeds in the current period include £0.2m (Year to date: £1.1m) 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 3</u>	<u>Rolling 2</u>	<u>Rolling 4</u>
	12 weeks to	40 weeks to	52 weeks to
	28 May	28 May	28 May
	2011	2011	2011
	<u>£m</u>	<u>£m</u>	<u>£m</u>
EBITDA	<u>28.4</u>	<u>61.0</u>	<u>137.8</u>
Interest Payable	14.0	28.1	61.5
Interest Receivable	(0.1)	(0.2)	(0.4)
Capital Repayments ¹	5.8	12.0	29.4
	<u>19.7</u>	<u>39.9</u>	<u>90.5</u>
Debt Service Cover Ratio	1.44:1	1.53:1	1.52:1

¹ Calculated on a forward accruals basis.

Interest Payments

	<u>Quarter 3</u>	<u>YTD 2010/11</u>
	12 weeks to	40 weeks to
	28 May	28 May
	2011	2011
	<u>£m</u>	<u>£m</u>
Interest Payments		
A3	3.7	11.1
A6	3.3	9.9
A7	2.3	7.2
A8	0.2	0.4
B1	1.3	3.9
B2	1.7	5.1
C	0.6	1.8
Swap payments	1.9	5.9
Other	0.2	0.8
	<u>15.2</u>	<u>46.1</u>



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Restricted Payments

The following payments could be made subject to the Permitted Restricted Payment terms (Clause 16.4(b) of IBFA):

	<u>Relevant Period</u> <u>28 weeks</u> <u>ending</u> <u>5 March 2011</u> <u>£m</u>
Free Cash Flow	74.4
Less: Debt Service	(48.8)
Less: current period restriction of R(FCF) to 1.1: 1	(4.8)
Plus: prior period restriction of unapplied excess cash (A-B)	4.4
Excess Cash	<hr/> 25.2
Capex in the year	(10.3)
Add: capex funded from DPA	6.5
Capex required to be funded from excess cash	<hr/> (3.8)
Available Excess Cash	<hr/> <hr/> 21.4



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PROFIT AND LOSS ACCOUNT

	<u>Quarter 3</u> 12 weeks to 28 May 2011 <u>£m</u>	<u>YTD 2010/11</u> 40 weeks to 28 May 2011 <u>£m</u>
Turnover		
Beer (net of discounts)	29.7	95.5
Rent	11.5	41.1
Machines	1.2	4.2
Other	6.3	19.3
Total Turnover	<u>48.7</u>	<u>160.1</u>
Gross Profit		
Beer	18.6	67.3
Rent	11.5	41.1
Machines	1.2	4.2
Other	2.5	7.6
Total Gross Profit	<u>33.8</u>	<u>120.2</u>
Operating Costs	(5.4)	(16.5)
EBITDA	<u>28.4</u>	<u>103.7</u>
Property Related Losses	(1.7)	(3.7)
Depreciation and Amortisation	(0.6)	(2.4)
Exceptional Items	(0.1)	7.6
Cash Interest Receivable	0.1	0.3
Cash Interest Payable	(14.0)	(46.7)
Non-Cash Interest Charge	(0.3)	(0.9)
Subordinated Loan Interest	(7.3)	(23.7)
Movement in Fair Value of Interest Rate Swaps	-	4.2
Profit Before Taxation	<u>4.5</u>	<u>38.4</u>
Taxation	(1.7)	(10.9)
Profit for the Period	<u><u>2.8</u></u>	<u><u>27.5</u></u>



PUNCH TAVERNS FINANCE B
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CONSOLIDATED BALANCE SHEET	Quarter 3	2010/11
	As at	As at
	28 May	21 August
	2011	2010
	£m	£m
Fixed Assets		
Goodwill	(13.9)	(14.7)
Tangible Fixed Assets	1,301.4	1,314.0
	<u>1,287.5</u>	<u>1,299.3</u>
Debtors		
Trade	9.7	11.1
Prepayments	3.6	1.9
	<u>13.3</u>	<u>13.0</u>
Cash at Bank and In Hand	20.3	37.1
CURRENT ASSETS	<u>33.6</u>	<u>50.1</u>
Creditors: amounts falling due within one year		
Loans	(24.9)	(26.8)
Trade Creditors	(2.1)	(3.4)
Other Creditors	(10.8)	(11.0)
Social Security and Other Taxes	(4.4)	(4.6)
Accruals and Deferred Income	(15.1)	(17.3)
Derivative Financial Instrument	(7.0)	(7.1)
	<u>(64.3)</u>	<u>(70.2)</u>
NET CURRENT LIABILITIES	<u>(30.7)</u>	<u>(20.1)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,256.8</u>	<u>1,279.2</u>
Amounts due from Group Undertakings	217.1	220.3
Creditors: amounts falling due after more than one year		
Loans	(926.6)	(969.5)
Provisions for Liabilities and Charges	(14.0)	(10.9)
Pension – Defined Benefit Liability	(2.3)	(6.6)
Derivative Financial Instrument	(14.2)	(28.7)
Subordinated Loan Funding	(194.5)	(199.5)
	<u>(1,251.6)</u>	<u>(1,215.2)</u>
NET ASSETS	<u><u>322.3</u></u>	<u><u>284.3</u></u>
Capital and Reserves		
Share Capital	84.0	84.0
Revaluation Reserve	338.1	341.4
Other Capital Reserves	7.6	7.6
Hedge Reserve	(8.5)	(16.0)
Profit and Loss Reserves	(98.9)	(132.7)
SHAREHOLDERS' FUNDS	<u><u>322.3</u></u>	<u><u>284.3</u></u>



PUNCH TAVERNS FINANCE B
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CONSOLIDATED CASH FLOW

	<u>Quarter 3</u> <u>12 weeks to</u> <u>28 May</u> <u>2011</u> <u>£m</u>	<u>YTD 2010/11</u> <u>40 weeks to</u> <u>28 May</u> <u>2011</u> <u>£m</u>
Operating profit	27.8	101.3
Depreciation and amortisation	0.6	2.4
Cash flows from exceptional items	(0.1)	0.1
Decrease / (increase) in working capital	13.0	(4.6)
Net Cash Inflow from Operating Activities	<u>41.3</u>	<u>99.2</u>
Returns on Investment and Servicing of Finance		
Interest paid	(15.2)	(46.1)
Interest received	0.1	0.3
	<u>(15.1)</u>	<u>(45.8)</u>
Taxation Payments	(6.3)	(5.3)
Capital Expenditure and Financial Investment		
Investment spend on fixed assets	(5.6)	(15.9)
Receipt from sale of fixed assets	6.0	19.3
	<u>0.4</u>	<u>3.4</u>
Net Cash Inflow Before Financing	20.3	51.5
Financing		
Loans repaid	(6.8)	(39.6)
Amounts paid to other group undertakings	(21.4)	(28.7)
	<u>(28.2)</u>	<u>(68.3)</u>
NET DECREASE IN CASH	<u><u>(7.9)</u></u>	<u><u>(16.8)</u></u>



PUNCH TAVERNS FINANCE B
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FINANCIAL RATIO COMPLIANCE CERTIFICATE

To: Deutsche Trustee Company Limited

1. We, Steve Dando and Ed Bashforth, each being a director of Punch Partnerships (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 28 May 2011 was 1.52:1
 - ii) for the period of two Financial Quarters ending on 28 May 2011 was 1.53:1
- (c) the FCF Ratio:
 - i) for the period of four Financial Quarters ending on 28 May 2011 was 1.45:1
 - ii) for the period of two Financial Quarters ending on 28 May 2011 was 1.37:1
- (e) the Net Worth of the New Securitisation Group calculated in accordance with Clause 15.3 of the Issuer / Borrower Facility Agreement does not need to be tested until the Financial Quarter ending on 20 August 2011.
- (f) for the purposes of calculating the above, the following values were relevant for the Financial Quarter just ended:

EBITDA:	£28.4m
Look Back EBITDA:	There is no requirement to test this covenant until the last quarter ending prior to June 2022
Debt Service (£m)	£19.7m
Expected Class A Debt Service	There is no requirement to test this covenant until the quarter commencing in August 2028
Interest Charges (£m)	£14.0m



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FINANCIAL RATIO COMPLIANCE CERTIFICATE (continued)

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

Free Cash Flow	£23.1m
Outlet EBITDA	£30.8m

The average and final balance of each of the
Securitisation Group Entity Accounts:
Operating / Collections A/cs
Disposal Proceeds A/c
Capex Reserve A/c

Average Balance (£m)	Final Balance (£m)
22.3	11.7
10.8	9.6
-	-

Minimum Maintenance CapEx Amount	£1.3m per semi-annual period
CapEx Amounts expended	£6.1m for the quarter
Number of Punch Taverns B Mortgaged Properties disposed of or acquired	Disposals - 30 Acquisitions - nil
Number of Pubs in Portfolio	2,082
Weighted Average Return on all CapEx Amounts spent on all trading Pubs (in accordance with clause 16.8(c) of IBFA)	21.7%
Excess Cash	Not tested this quarter

(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;



**PUNCH TAVERNS FINANCE B
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FINANCIAL RATIO COMPLIANCE CERTIFICATE (continued)

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: 12th July 2011

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

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

.....
Finance Director

A handwritten signature in black ink, consisting of a long horizontal stroke with a small loop at the beginning.

.....
Director

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is essential for ensuring transparency and accountability in the organization's operations.

2. The second part of the document outlines the various methods and tools used to collect and analyze data. It highlights the need for consistent and reliable data collection processes to support effective decision-making.

3. The third part of the document focuses on the role of technology in data management and analysis. It discusses how modern software solutions can streamline data collection, storage, and reporting, thereby improving efficiency and accuracy.

4. The fourth part of the document addresses the challenges associated with data management, such as data quality, security, and privacy. It provides strategies to mitigate these risks and ensure that data is used responsibly and ethically.

5. The fifth part of the document concludes by summarizing the key findings and recommendations. It stresses the importance of ongoing monitoring and evaluation to ensure that data management practices remain effective and aligned with the organization's goals.

6. The sixth part of the document provides a detailed overview of the data management framework, including the roles and responsibilities of various stakeholders involved in the process.

7. The seventh part of the document discusses the integration of data management with other organizational systems and processes, ensuring a cohesive and integrated approach to data handling.

8. The eighth part of the document explores the future trends in data management, such as the use of artificial intelligence and machine learning to enhance data analysis capabilities.

9. The ninth part of the document provides a comprehensive list of resources and references used in the research, allowing readers to explore the topic further.

10. The tenth part of the document offers a final summary and a call to action, encouraging the organization to adopt best practices in data management to achieve its strategic objectives.

11. The eleventh part of the document discusses the importance of data governance and the role of a data governance committee in ensuring compliance with relevant regulations and standards.

12. The twelfth part of the document provides a detailed analysis of the data management process, including the identification of key data points and the development of data management policies.

13. The thirteenth part of the document discusses the impact of data management on organizational performance and the role of data in driving innovation and growth.

14. The fourteenth part of the document provides a final conclusion and a list of key takeaways, summarizing the main points of the document and providing a clear path forward for the organization.