



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – DECEMBER 2004 QUARTER

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PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

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Basis of Preparation

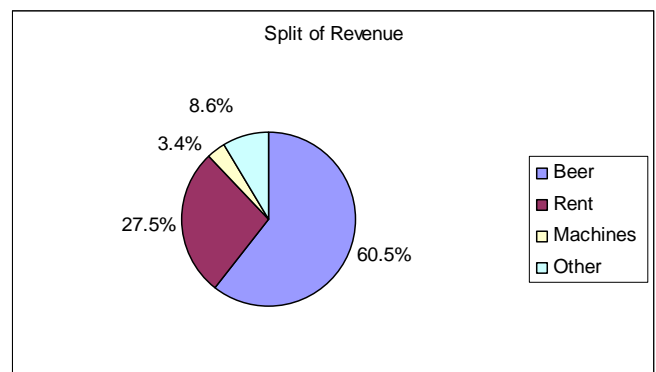
The financial reporting period for Punch Taverns Holdings Limited and its subsidiaries (“The Securitised Group”) is determined by reference to the closing date of 3 November 2003. This report covers the sixteen week period to 11 December 2004, which is the first quarter of the 2004/05 financial year.

Profit Commentary

Trading results for the sixteen week period are as follows:

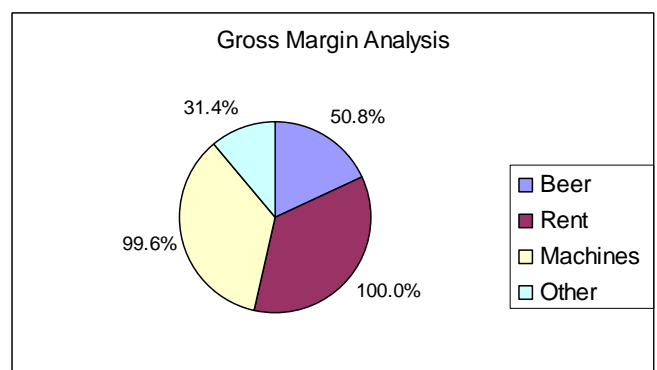
- **Turnover**

- Total turnover of £133.5m
- Rent proportion of turnover of 27.5% (up from 26.9% in Q4).



- **Gross Profits**

- Total gross profits of £85.9m.
- Total gross profit margin of 64.4% (64.9% in Q4 2003/04.)
- Beer gross margin of 50.8%.
- Rent element of gross profits has risen from 41.5% in Q4 2003/04 to 42.7% in Q1 2004/05.





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- **Estate**
- The number of Punch Growth Leases and new long term Retailer Agreements (which have superceded the Punch Growth Lease) in the estate has risen from 1,549 at end of Q4 03/04 to 1,626 at end of Q1 04/05.
- 26 disposals were made during the quarter, for gross proceeds of £9.7m, and one head lease on a pub expired, resulting in a closing estate balance of 4,195.
- **Operating Margin and EBITDA**
- Operating margin of 54.3% resulting in an EBITDA for the 16 week period to 11 December 2004 of £72.4m.

Estate Portfolio

	<u>Quarter 1</u> 16 weeks to 11 December 2004	<u>2003/04</u> 42 weeks to 21 August 2004
Number of Pubs		
Opening	4,222	4,304
Acquisitions	-	23
Other ¹	(1)	1
Disposals ²	(26)	(106)
	<u>4,195</u>	<u>4,222</u>

¹ The head lease expired on one pub in the period.

² 20 pubs were disposed of as a package following the acquisition of InnSpired Group Ltd by Punch Taverns plc.

Investment in Assets

	<u>Quarter 1</u> 16 weeks to 11 December 2004 <u>£m</u>	<u>2003/04</u> 42 weeks to 21 August 2004 <u>£m</u>
Payments to acquire new pubs	-	11.3
Spend on existing pubs	9.9	26.9
Spend on other assets	0.3	7.2
Total Spend on Estate	<u>10.2</u>	<u>45.4</u>
Disposal Proceeds	<u>9.1</u>	<u>26.3</u>

Disposal proceeds in this quarter include proceeds of £1.0m from the sale of four pubs which were disposed of in Q4 2003/04.



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Debt Service Cover Ratio (DSCR)

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

	<u>Quarter 1</u> 16 weeks to 11 December 2004 <u>£m</u>	<u>Rolling Two</u> <u>Quarters</u> 28 weeks to 11 December 2004 <u>£m</u>	<u>2003/04</u> 42 weeks to 21 August 2004 <u>£000</u>
EBITDA	72.5	130.6	199.0
Interest Payable	40.1	70.2	105.6
Interest Receivable	(1.2)	(1.6)	(2.1)
Capital Repayments ¹	5.5	9.5	12.0
	44.4	78.1	115.5
Debt Service Cover Ratio	1.63	1.67	1.72

¹ 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 1</u> 16 weeks to 11 December 2004 <u>£m</u>	<u>2003/04</u> 42 weeks to 21 August 2004 <u>£m</u>
Interest Payments		
A1	4.9	14.7
A2	5.1	16.3
A3	1.8	4.5
B1	2.6	7.9
B2	3.2	10.0
C	3.5	9.7
M1	3.0	8.2
M2	6.0	14.7
Swap costs	2.0	8.2
Other	0.9	1.7
	33.0	95.9
Capital Repayment		
A3	4.3	14.6



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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>24 weeks ending</u> <u>21 August 2004</u> <u>£m</u>
Restricted Payment Excess Cash	37.4
Less: Capex payments funded from above	(4.3)
Plus: Tax due on the accrual of interest on the Borrower Subordinated Loans	12.5
	<hr/> 45.6
Less: Restriction to ensure total does not exceed Excess Cash	(1.4)
Total Permitted Restricted Payment	<hr/> 44.2 <hr/>
Utilisation to Date	
Q1 2004/05 – Repayment of Borrower Subordinated Loan	(44.2)
	<hr/> <hr/> -



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

	<u>Quarter 1</u> 16 weeks to 11 December 2004 <u>£m</u>	<u>2003/04</u> 42 weeks to 21 August 2004 ¹ <u>£000</u>
Turnover		
Beer (net of discounts)	80.7	216.5
Rent	36.7	95.1
Machines	4.6	12.1
Other	11.5	30.0
Total Turnover	<u>133.5</u>	<u>353.7</u>
Gross Profit		
Beer	41.0	111.8
Rent	36.7	95.1
Machines	4.6	11.7
Other	3.6	10.4
Total Gross Profit	<u>85.9</u>	<u>229.0</u>
Operating Costs	(13.4)	(30.0)
EBITDA	<u>72.5</u>	<u>199.0</u>
Profit / (Loss) on Disposal	2.3	2.5
Exceptional Profit / (Loss) on Disposal	-	(11.9)
Depreciation and Amortisation	(1.8)	(5.4)
Exceptional Costs	(0.6)	(8.7)
Cash Interest Receivable	1.2	2.1
Cash Interest Payable	(40.1)	(105.6)
Non-Cash Interest Charge	(0.8)	(2.4)
Subordinated Loan Interest	(28.0)	(71.5)
Profit / (Loss) Before Taxation	<u>4.6</u>	<u>(2.0)</u>
Taxation	(1.4)	(5.8)
Profit / (Loss) After Taxation	<u>3.2</u>	<u>(7.8)</u>

¹ Restated to include corporation tax



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

	As at 11 December 2004 <u>£m</u>	As at 21 August 2004 ¹ <u>£m</u>
Fixed Assets		
Goodwill	(9.2)	(9.4)
Tangible Fixed Assets	2,337.4	2,337.4
	<u>2,328.2</u>	<u>2,328.0</u>
Debtors		
Trade	30.5	28.9
Prepayments	16.4	15.2
Other	-	-
	<u>46.9</u>	<u>44.1</u>
Cash at Bank and In Hand	55.3	77.0
CURRENT ASSETS	<u>102.2</u>	<u>121.1</u>
Creditors: amounts falling due within one year		
Loans	(21.2)	(21.2)
Trade Creditors	(4.5)	(4.5)
Other Creditors	(19.9)	(19.4)
Corporation Tax	(5.5)	(4.1)
Social Security and Other Taxes	(12.4)	(8.7)
Accruals and Deferred Income	(45.4)	(39.8)
	<u>(108.9)</u>	<u>(97.7)</u>
NET CURRENT (LIABILITIES) / ASSETS	<u>(6.7)</u>	<u>23.4</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,321.5</u>	<u>2,351.4</u>
Creditors: amounts falling due after more than one year		
Loans	(1,763.7)	(1,767.2)
Accruals and Deferred Income	(3.5)	(3.5)
	<u>(1,767.2)</u>	<u>(1,770.7)</u>
Provisions for Liability and Charges	(65.2)	(65.3)
Amounts due from Group Undertakings	339.9	326.7
NET ASSETS	<u><u>829.0</u></u>	<u><u>842.1</u></u>
Capital and Reserves		
Share Capital	-	-
Share Premium	2,963.3	2,963.3
Capital Reserve	34.4	34.6
Intercompany Funding ²	(2,987.9)	(2,987.9)
Revaluation Reserve	220.1	221.0
Subordinated Loan Funding	580.7	597.0
Profit and Loss Reserves	15.2	21.9
Profit / (Loss) for the period	3.2	(7.8)
TOTAL SHAREHOLDERS' FUNDS	<u><u>829.0</u></u>	<u><u>842.1</u></u>

¹ Restated to include the year end revaluation of fixed assets and for corporation tax. The impact of these adjustments is to increase net assets by £28.9m.

² Represents Punch Taverns (PR) Limited intercompany balances with Punch Taverns (PRAF) Limited and Punch Retail (PRAC) Limited.



PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW

	Quarter 1
	16 Weeks to 11
	December 2004
	£m
Net Cash Inflow From Operating Activities¹	63.5
Returns on Investment and Servicing of Finance	
Interest Paid	(33.0)
Interest Receivable	1.3
	<u>(31.7)</u>
Taxation (Payments)/Receipts	<u>-</u>
Capital Expenditure and Financial Investment	
Payments to acquire new pubs	-
Investment Spend on Existing Pubs	(12.9)
Receipt from Sale of Pubs	9.7
	<u>(3.2)</u>
Net Cash Inflow Before Financing	<u>28.6</u>
Financing	
Loan repaid	(4.3)
Amounts paid to other group undertakings ²	(46.0)
	<u>(50.3)</u>
NET INCREASE / (DECREASE) IN CASH	<u>(21.7)</u>

¹Includes intercompany movements associated with the supply of wet sales to the trading entities

²Includes a £44.2m 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 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 11 December 2004 was :1.67:1
- (b) for the purposes of calculating the above, the following values were relevant for the Financial Quarter just ended:

	<u>Rolling Two Quarters</u> 28 weeks to 11 December 2004
Debt Service (£m)	78.1
Interest Charges (£m)	68.6
EBITDA (£m)	130.6

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

Outlet EBITDA	£81.6m	
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	Average Balance (£m)	Final Balance (£m)
	0.1	0.1
	13.1	9.6
	20.7	20.8
	48.1	34.4
	(6.2)	(8.7)
	CapEx Amounts expended	£9.9m for the quarter (Minimum Maintenance CapEx Amount required of £4.4m per annum)
Number of Punch Taverns Mortgaged Properties disposed of or acquired	Disposals – 26	
Number of Pubs in Portfolio	4,195	
Weighted Average Return on all CapEx Amounts spent on all trading Pubs	26.9%	



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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. On 23 December 2004 Punch Taverns (PPCS) Limited, a company within the Punch Taverns group but outside of this securitisation, entered into a two year drinks delivery contract with Carlsberg UK to provide a service to all pubs within the Punch Taverns group. This securitisation receives the benefit of this contract via the existing 'back to back' supply agreement it has with Punch Taverns (PPCS) Limited.

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, with the exception of the delivery contract noted above;
- (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 January 2005

Signed for and on behalf of

.....
Finance Director

.....
Director