



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – QUARTER 3 (MAY 2009)

CONTENTS

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

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PUNCH TAVERNS FINANCE

PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – QUARTER 3 (MAY 2009)

Introduction

This report covers the 12 week period to 30 May 2009, which is the third quarter of the 2008/09 financial year.

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

Debt Structure

During the quarter, the Punch Taverns Holdings group purchased loan notes with principal value of £10.7m.

Profit Commentary

Trading results for the third quarter were as follows:

- **Sales**

Turnover for the 12 week period to 30 May 2009 was £94.4m, of which rent contributed 28.6%.

- **Gross Profits**

The total gross profit in the 12 week period to 30 May 2009 was £61.1m, which gave a gross profit margin of 64.7%.

- **Operating Margin and EBITDA**

Operating margin for the rolling 4 quarters to 30 May 2009 was 57.8% resulting in an EBITDA of £243.1m*.

EBITDA per pub for the rolling 4 quarters is £61,800*.

* Rolling 4 quarters covers a 53 week period.



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – QUARTER 3 (MAY 2009)

Estate Portfolio

- During the period, 80 pubs were disposed of individually, for net proceeds of £26.6m, and 15 pubs were disposed of as part of packages, for net proceeds of £11.4m.
- 170 pubs were acquired, from other companies within the Punch Taverns group, at a cost of £74.6m.

	<u>QUARTER 3</u> 12 weeks to 30 May 2009	<u>YTD 2008/09</u> 40 weeks to 30 May 2009
Number of Pubs		
Opening	3,854	4,022
Acquisitions	170	170
Other	-	(1)
Disposals	(95)	(262)
End of Period	<u>3,929</u>	<u>3,929</u>

Investment in Assets

	<u>QUARTER 3</u> 12 weeks to 30 May 2009	<u>YTD 2008/09</u> 40 weeks to 30 May 2009
	<u>£m</u>	<u>£m</u>
Payments to acquire new pubs ¹	74.6	74.6
Spend on existing pubs	3.0	7.5
Spend on other assets	0.3	1.2
Total Spend on Estate	<u>77.9</u>	<u>83.3</u>
Disposal Proceeds	<u>38.0</u>	<u>132.4</u>

¹ £49.6m of which is by way of deferred consideration to be settled within 12 months from the date of purchase.



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – QUARTER 3 (MAY 2009)

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>12 weeks to</u>	<u>Quarters</u>
	<u>30 May 2009</u>	<u>24 weeks to</u>
	<u>£m</u>	<u>£m</u>
EBITDA	52.7	105.1
Interest Payable	31.5	63.0
Interest Receivable	(0.1)	(0.4)
Capital Repayments ¹	1.8	3.1
	33.2	65.8
Debt Service Cover Ratio	1.59:1	1.60:1

¹ Calculated on a forward accruals basis.

Interest Payments

	<u>QUARTER 3</u>	<u>YTD 2008/09</u>
	<u>12 weeks to</u>	<u>40 weeks to</u>
	<u>30 May 2009</u>	<u>30 May 2009</u>
	<u>£m</u>	<u>£m</u>
Interest Payments		
A1	4.9	14.7
A2	5.0	15.3
A3 (N)	0.1	1.7
B1	2.6	7.8
B2	3.1	9.5
B3	1.1	6.6
C	3.2	10.2
M1	2.8	8.8
M2 (N)	2.4	15.0
D1	1.0	5.3
Swap payments / (receipts)	6.5	6.3
Other	1.2	3.0
	33.9	104.2



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL REPORT – QUARTER 3 (MAY 2009)

Restricted Payments

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

	<u>Relevant Period</u> <u>53 weeks</u> <u>ending</u> <u>23 August 2008</u> <u>£m</u>
Excess Cash	94.7
Less: Capex in relevant period	(29.7)
Add: Capex funded from DPA	8.5
Available Excess Cash Amount	<u><u>73.5</u></u>
Restricted Payment Excess Cash	77.8
Tax due on the accrual of interest on the Borrower Subordinated Loans	29.6
	<u>107.4</u>
Less: Restriction to ensure total does not exceed Available Excess Cash Amount	(33.9)
	<u><u>73.5</u></u>
Utilisation to date:	
Q1 2008/09 – Payment of interim dividends to parent company	55.4
Q2 2008/09 – Repayment of Borrower subordinated loan accrued interest	10.0
Q3 2008/09 – Repayment of Borrower subordinated loan accrued interest	8.1
	<u><u>73.5</u></u>



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

	<u>QUARTER 3</u> 12 weeks to 30 May 2009	<u>YTD 2008/09</u> 40 weeks to 30 May 2009
	<u>£m</u>	<u>£m</u>
Turnover		
Beer (net of discounts)	56.2	180.7
Rent	27.0	94.4
Machines	2.4	8.6
Other	8.8	28.2
Total Turnover	<u>94.4</u>	<u>311.9</u>
Gross Profit		
Beer	27.9	90.0
Rent	27.0	94.4
Machines	2.4	8.6
Other	3.8	11.7
Total Gross Profit	<u>61.1</u>	<u>204.7</u>
Operating Costs	(8.4)	(27.7)
EBITDA	<u>52.7</u>	<u>177.0</u>
Loss on Disposal	(12.8)	(16.9)
Depreciation and Amortisation	(2.8)	(9.0)
Exceptional (Costs) / Income ¹	(1.8)	10.5
Cash Interest Receivable	0.1	1.6
Cash Interest Payable	(31.5)	(106.3)
Non-Cash Interest Charge	(0.3)	(0.3)
Subordinated Loan Interest	(26.3)	(85.4)
Loss Before Taxation	<u>(22.7)</u>	<u>(28.8)</u>
Taxation	2.7	4.2
Loss After Taxation	<u>(20.0)</u>	<u>(24.6)</u>
Interim Dividends Paid	-	(55.4)
Loss for the Period	<u><u>(20.0)</u></u>	<u><u>(80.0)</u></u>

¹ Exceptional (costs) / income relates to costs incurred on reorganisation of field and central support teams and profit arising on debt buy-back.



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

	As at	As at
	30 May 2009	23 August 2008
	£m	£m
Fixed Assets		
Goodwill	(6.8)	(7.2)
Tangible Fixed Assets	2,713.9	2,791.1
	<u>2,707.1</u>	<u>2,783.9</u>
Debtors		
Trade	32.4	24.1
Prepayments	7.2	10.3
	<u>39.6</u>	<u>34.4</u>
Cash at Bank and In Hand	66.7	81.6
CURRENT ASSETS	<u>106.3</u>	<u>116.0</u>
Creditors: amounts falling due within one year		
Loans	(12.4)	(32.3)
Trade Creditors	(3.1)	(3.8)
Other Creditors	(23.7)	(26.8)
Social Security and Other Taxes	(10.3)	(11.7)
Accruals and Deferred Income	(44.4)	(44.7)
	<u>(93.9)</u>	<u>(119.3)</u>
NET CURRENT ASSETS / (LIABILITIES)	<u>12.4</u>	<u>(3.3)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,719.5</u>	<u>2,780.6</u>
Creditors: amounts falling due after more than one year		
Loans	(1,924.0)	(2,017.5)
Accruals and Deferred Income	(0.6)	(0.7)
	<u>(1,924.6)</u>	<u>(2,018.2)</u>
Derivative Financial Instruments	(201.7)	(99.5)
Provisions for Liabilities and Charges	(19.6)	(54.2)
Amounts due from Group Undertakings	524.2	570.2
NET ASSETS	<u><u>1,097.8</u></u>	<u><u>1,178.9</u></u>
Capital and Reserves		
Share Capital	-	-
Share Premium	2,963.3	2,963.3
Capital Reserve	30.7	31.3
Hedge Reserve	(125.1)	(56.5)
Intercompany Funding ¹	(2,987.9)	(2,987.9)
Revaluation Reserve	463.0	475.4
Subordinated Loan Funding	769.8	702.4
Profit and Loss Reserves	(16.0)	50.9
SHAREHOLDERS' FUNDS	<u><u>1,097.8</u></u>	<u><u>1,178.9</u></u>

¹ 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 30 May 2009	<u>YTD 2008/09</u> 40 weeks to 30 May 2009
	<u>£m</u>	<u>£m</u>
Operating profit	49.9	168.0
Depreciation and amortisation	2.8	9.0
Cash flows on exceptional items	(2.4)	(2.7)
Increase in working capital	(1.5)	(15.5)
Net Cash Inflow from Operating Activities	<u>48.8</u>	<u>158.8</u>
Returns on Investment and Servicing of Finance		
Interest paid	(33.9)	(104.2)
Interest received	0.1	1.8
	<u>(33.8)</u>	<u>(102.4)</u>
Taxation Payments	-	-
Capital Expenditure and Financial Investment		
Payments to acquire new pubs	(25.0)	(25.0)
Investment spend on fixed assets	(3.3)	(8.7)
Receipt from sale of fixed assets	38.0	132.4
	<u>9.7</u>	<u>98.7</u>
Equity Dividends Paid	-	(55.4)
Net Cash Inflow Before Financing	<u>24.7</u>	<u>99.7</u>
Financing		
Loans repaid	(13.4)	(96.5)
Amounts paid to other group undertakings	(8.1)	(18.1)
	<u>(21.5)</u>	<u>(114.6)</u>
NET INCREASE / (DECREASE) IN CASH	<u><u>3.2</u></u>	<u><u>(14.9)</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 Partnerships (PTL) Limited (formerly 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 30 May 2009 is 1.60:1
- (b) for the purposes of calculating the above, the following values are relevant for the Financial Quarter just ended:

	<u>Relevant Period</u> 24 weeks to 30 May 2009 £m
Debt Service (£m)	65.8
Interest Charges (£m)	63.0
EBITDA (£m)	105.1

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

Outlet EBITDA	£56.5m	
The average and final balance of each of the Securitisation Group Entity Accounts:	Average Balance (£m)	Final Balance (£m)
	Acquisition Reserve A/c	-
	Disposal Proceeds A/c	19.8
	Controlled Cash A/c	20.1
	Stamp Duty Reserve A/c	-
	Collections A/c	33.8
	Payments A/c	(7.5)
CapEx Amounts expended	£4.0m for the quarter (Minimum Maintenance CapEx Amount required of £4.8m per annum)	
Number of Punch Taverns Mortgaged Properties disposed of or acquired	Disposals - 95 Acquisitions - 170	
Number of Pubs in Portfolio	3,929	
Weighted Average Return on all CapEx Amounts spent on all trading Pubs (in accordance with clause 16.8(c) of IBFA)	4.6%	



PUNCH TAVERNS FINANCE
PUNCH TAVERNS HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

FINANCIAL RATIO COMPLIANCE CERTIFICATE (continued)

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: 7 July 2009

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

.....
Finance Director

.....
Director