



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

FINANCIAL REPORT – QUARTER 3 (MAY 2009)

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PUNCH TAVERNS FINANCE B PUNCH TAVERNS (PMH) 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").

Revised Debt Structure

During the quarter, the Punch Taverns (PMH) group purchased loan notes with a principal value of £6.6m.

Profit Commentary

Trading results for the third quarter were as follows:

- **Sales**

Turnover for the 12 week period to 30 May 2009 was £61.7m, of which rent contributed 26.0%.

- **Gross Profits**

The total gross profit in the 12 week period to 30 May 2009 was £39.3m, which gave a gross profit margin of 63.8%.

- **Operating Margin and EBITDA**

Operating margin for the rolling 4 quarters to 30 May 2009 was 55.2% resulting in an EBITDA of £149.3m*.

EBITDA per pub for the rolling 4 quarters is £54,700*.

* Rolling 4 quarters covers a 53 week period.



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Estate Portfolio

- During the period, 37 pubs were disposed of individually, for net proceeds of £7.9m and 12 pubs were disposed of as part of packages, for net proceeds of £8.4m.

	<u>Quarter 3</u> 12 weeks to 30 May 2009	<u>YTD</u> 40 weeks to 30 May 2009
Number of Pubs		
Opening	2,718	2,750
Disposals	(49)	(81)
End of Period	<u>2,669</u>	<u>2,669</u>

Investment in Pub Estate

	<u>Quarter 3</u> 12 weeks to 30 May 2009	<u>YTD</u> 40 weeks to 30 May 2009
	<u>£m</u>	<u>£m</u>
Spend on existing pubs	<u>1.7</u>	<u>7.1</u>
Total Spend on Estate	<u>1.7</u>	<u>7.1</u>
Disposal Proceeds¹	<u>17.5</u>	<u>29.4</u>

¹ The proceeds in the current period include £1.2m (Year to date: £1.8m) 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	24 weeks to	53 weeks to
	30 May 2009	30 May 2009	30 May 2009
	<u>£m</u>	<u>£m</u>	<u>£m</u>
EBITDA	33.0	66.1	149.3
Interest Payable	17.2	34.9	77.9
Interest Receivable	(0.1)	(0.3)	(2.0)
Capital Repayments ¹	-	-	-
	<u>17.1</u>	<u>34.6</u>	<u>75.9</u>
Debt Service Cover Ratio	1.93:1	1.91:1	1.97:1

¹ Capital repayments do not commence until December 2009.

Interest Payments

	<u>Quarter 3</u>	<u>YTD</u>
	12 weeks to	40 weeks to
	30 May 2009	30 May 2009
	<u>£m</u>	<u>£m</u>
Interest Payments		
A3	3.7	11.1
A6	3.3	9.8
A7	3.0	9.0
A8	1.7	9.5
B1	1.3	4.7
B2	2.2	6.6
C	1.2	5.7
Swap payments / (receipts)	1.9	(0.2)
Other	0.4	1.1
	<u>18.7</u>	<u>57.3</u>



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Restricted Payments

The following payments to Punch Taverns (PMH) 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>28 weeks</u> <u>ending</u> <u>7 March 2009</u> <u>£m</u>
Free Cash Flow	77.1
Less: Debt Service	(40.2)
Less: current period restriction of R(FCF) to 1.3: 1	(12.1)
Plus: prior period restriction of unapplied excess cash (A-B)	10.7
Excess Cash	<hr/> 35.5
Capex in relevant period	(5.4)
Add: capex funded from DPA	-
Capex required to be funded from excess cash	<hr/> (5.4)
Transfer to capex reserve account	(10.0)
Available Excess Cash:	
Total Permitted Restricted Payment	<hr/> <hr/> 20.1
Utilisation to date:	
Q2 2008/09 – Purchase of Class B1 floating rate notes 2025	2.4
Q3 2008/09 – Repayment of Borrower subordinated loan accrued interest	12.6
Q3 2008/09 – Repayment of Borrower subordinated loan principal	5.1
	<hr/> <hr/> 20.1



PUNCH TAVERNS FINANCE B
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PROFIT AND LOSS ACCOUNT

	<u>Quarter 3</u> 12 weeks to 30 May 2009	<u>YTD</u> 40 weeks to 30 May 2009
	<u>£m</u>	<u>£m</u>
Turnover		
Beer (net of discounts)	37.0	117.7
Rent	16.0	55.8
Machines	1.9	6.5
Other	6.8	21.3
Total Turnover	<u>61.7</u>	<u>201.3</u>
Gross Profit		
Beer	18.5	59.1
Rent	16.0	55.8
Machines	1.9	6.5
Other	2.9	8.7
Total Gross Profit	<u>39.3</u>	<u>130.1</u>
Operating Costs	(6.3)	(20.0)
EBITDA	<u>33.0</u>	<u>110.1</u>
Loss on Disposal	(5.8)	(6.2)
Depreciation and Amortisation	(1.1)	(3.8)
Exceptional Income ¹	3.3	15.2
Cash Interest Receivable	0.1	1.2
Cash Interest Payable	(17.2)	(58.5)
Non-Cash Interest Charge	(0.4)	(1.3)
Subordinated Loan Interest	(5.8)	(20.2)
Profit Before Taxation	<u>6.1</u>	<u>36.5</u>
Taxation	(3.3)	(12.0)
Profit for the Period	<u>2.8</u>	<u>24.5</u>

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



PUNCH TAVERNS FINANCE B
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CONSOLIDATED BALANCE SHEET

	<u>Quarter 3</u> As at 30 May 2009	<u>2007/08</u> As at 23 August 2008
	<u>£m</u>	<u>£m</u>
Fixed Assets		
Goodwill	(15.9)	(16.6)
Tangible Fixed Assets	1,667.1	1,698.4
	<u>1,651.2</u>	<u>1,681.8</u>
Debtors		
Trade	19.2	15.9
Prepayments	2.8	4.0
	<u>22.0</u>	<u>19.9</u>
Cash at Bank and In Hand	66.7	79.0
CURRENT ASSETS	<u>88.7</u>	<u>98.9</u>
Creditors: amounts falling due within one year		
Loans	(15.2)	-
Trade Creditors	(1.0)	(1.4)
Other Creditors	(12.6)	(13.5)
Corporation Tax	-	-
Social Security and Other Taxes	(4.8)	(6.4)
Accruals and Deferred Income	(25.6)	(21.9)
	<u>(59.2)</u>	<u>(43.2)</u>
NET CURRENT ASSETS	<u>29.5</u>	<u>55.7</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,680.7</u>	<u>1,737.5</u>
Creditors: amounts falling due after more than one year		
Loans	(1,177.3)	(1,235.5)
	<u>503.4</u>	<u>502.0</u>
Provisions for Liabilities and Charges	(3.3)	(12.5)
Pension – Defined Benefit Liability	(9.9)	(4.5)
Derivative Financial Instrument	(58.9)	(6.6)
Amounts due from Group Undertakings	200.5	203.8
NET ASSETS	<u><u>631.8</u></u>	<u><u>682.2</u></u>
Capital and Reserves		
Share Capital	84.0	84.0
Revaluation Reserve	382.3	388.7
Other Capital Reserves	7.6	7.6
Hedge Reserve	(39.3)	(1.2)
Subordinated Loan Funding	169.8	202.4
Profit and Loss Reserves	27.4	0.7
SHAREHOLDERS' FUNDS	<u><u>631.8</u></u>	<u><u>682.2</u></u>



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CONSOLIDATED CASH FLOW

	<u>Quarter 3</u> 12 weeks to 30 May 2009	<u>YTD</u> 40 weeks to 30 May 2009
	<u>£m</u>	<u>£m</u>
Operating profit	31.9	106.3
Depreciation and amortisation	1.1	3.8
Cash flows from exceptional items	(1.0)	(1.9)
Decrease / (increase) in working capital	0.2	(9.4)
Net Cash Inflow from Operating Activities	<u>32.2</u>	<u>98.8</u>
Returns on Investment and Servicing of Finance		
Interest paid	(18.7)	(57.3)
Interest received	0.1	1.4
	<u>(18.6)</u>	<u>(55.9)</u>
Capital Expenditure and Financial Investment		
Investment spend on fixed assets	(1.7)	(7.1)
Receipt from sale of fixed assets	17.5	29.4
	<u>15.8</u>	<u>22.3</u>
Equity Dividends Paid	-	-
Net Cash Inflow Before Financing	<u>29.4</u>	<u>65.2</u>
Financing		
Loans repaid	(2.2)	(24.8)
Amounts paid to other group undertakings	(17.7)	(52.7)
	<u>(19.9)</u>	<u>(77.5)</u>
NET INCREASE / (DECREASE) IN CASH	<u><u>9.5</u></u>	<u><u>(12.3)</u></u>



**PUNCH TAVERNS FINANCE B
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FINANCIAL RATIO COMPLIANCE CERTIFICATE

To: Deutsche Trustee Company Limited

1. We, Phil Dutton and Neil Preston each being a director of Punch Partnerships (PML) Limited (formerly Punch Taverns (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 30 May 2009 was 1.97:1
 - ii) for the period of two Financial Quarters ending on 30 May 2009 was 1.91:1
- (c) the FCF Ratio:
 - i) for the period of four Financial Quarters ending on 30 May 2009 was 1.95:1
 - ii) for the period of two Financial Quarters ending on 30 May 2009 was 1.91:1
- (d) the Peak Debt Service Ratio is not required to be tested until the Financial Quarter ending on 22 August 2009.
- (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 22 August 2009.
- (f) for the purposes of calculating the above, the following values were relevant for the Financial Quarter just ended:

EBITDA:	£33.0m
Look Back EBITDA:	There is no requirement to test this covenant until the last quarter ending prior to June 2022
Debt Service (£m)	£17.1m
Expected Class A Debt Service	There is no requirement to test this covenant until the quarter commencing in August 2028
Interest Charges (£m)	£17.2m



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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 £33.0m

Outlet EBITDA £35.8m

The average and final balance of each of the
Securitisation Group Entity Accounts:

Operating / Collections A/cs

Disposal Proceeds A/c

Average Balance (£m)	Final Balance (£m)
32.3	34.9
19.1	33.1

Minimum Maintenance CapEx Amount £1.6m per semi-annual

CapEx Amounts expended £2.5m for the quarter

Number of Punch Taverns B Mortgaged
Properties disposed of or acquired Disposals - 49
Acquisitions - nil

Number of Pubs in Portfolio 2,669

Weighted Average Return on all CapEx
Amounts spent on all trading Pubs (in
accordance with clause 16.8(c) of IBFA) 6.0%

Excess Cash Not required to be 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: 7 July 2009

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

.....
Finance Director

.....
Director