

THISTLE PUB COMPANY III plc

Unit 2/4 The e-Centre, Cooperage Way Business Village

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8 September 2014

Dear Shareholder

Following approval at the General Meeting held on the 7 July the company successfully applied to join Asset Match in order that shareholders and non-shareholders can participate in auctions on Asset Match's matched bargain facility on a twice yearly basis. Your board is therefore reminding you that you may express your interest in buying or selling more shares on the 25th September auction date by registering with Asset Match on their website at www.assetmatch.com from 11 September 2014. Further advice on the Asset Match process can be obtained anytime from Asset Match on 020 7248 2788. Please note that Asset Match cannot advise you on whether you should be buying or selling shares.

The Directors would stress that this letter does not constitute advice as to buy or sell shares in the Company and no recommendation should be inferred from its contents. Shareholders must make their own decisions and/or seek independent financial advice where appropriate.

Trading Update

Since our last circular the Company has had a reasonable sales performance closely tracking both last year and budget. At this point the bottom line profits are ahead of last year though this masks a slight dip in unit contribution being more than offset by the reduction in management fees. The dip is almost entirely due to closing one of our major units for some weeks for an extensive refurbishment. I am pleased to report that the works have been completed, have been well received by old and new customers and that current performance is justifying the investment.

Strategy and shareholders

In sector terms there is evidence of market interest in the physical assets of pubs with "deals" happening albeit still at low valuation levels. For this company the "elephant in the room" is the Scottish Referendum. A "No" vote would remove significant uncertainty and would potentially lead to a wider interest in pubs in Scotland. A vote for independence will lead to continued investment uncertainty as "Team Scotland" seeks to negotiate the terms of Independence with its somewhat larger neighbour. Going further, I believe the political reality will be such that rUK is unlikely to be predisposed to generosity despite any previous assurances that may have been received by the Scottish Government. In any event the investment community may well anticipate that the Scottish Economy is likely to face a period of significant austerity with the consequence that wider UK investment interest in Scotland will be curtailed for some time. This is not necessarily a bad point as weak operators will tend to be thinned out still further and the performance of stronger players will improve accordingly. This company, should it so choose,

Registered No. SC306747

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would then be well placed and would have the capacity to acquire good units at sensible prices to the benefit of shareholders.

Under either scenario I believe our best philosophy is to continue to invest in the fabric of our existing estate to keep it in top competitive condition. In conjunction with our Manager, Maclays Inns Ltd, we have built a solid base against which to measure all strategic options to get good value for shareholders from a sale or other business combination. In the absence of an outright sale I believe that the Directors have to consider all opportunities for moving the business forward. The over-riding mantra is to run the Company conservatively thus maintaining its low risk profile. However I see no reason not to consider combining with similar businesses to create one which by its greater size would be more attractive to a wider investment audience.

At the moment this business is cash generative, the debt is modest and we continue to strive to keep all overheads screwed down. I was very interested to note that Thistle Pub Company II plc recently changed manager. The Board will monitor closely whether or not the "hoped for benefits" from that action lead to any palpable uplift in unit performance. We continue to benefit from a high level of attention from the management team at Maclays but there are constraints that, if not addressed, have the capacity to limit the performance of our pubs.

The Directors are acutely aware that there is a minority of shareholders for whom a quick sale, albeit at varying price points, is desirable. The Asset Match facility will hopefully start to address that need. In the first instance I expect to see more sellers than buyers leading to a low share price. That is an inevitable consequence of supply exceeding demand when on any market. To my mind the more important point is that all Shareholders' cash is tied up in an illiquid and non-income producing investment. The Directors intend to declare a modest dividend for this financial year which would be approved at the AGM and paid immediately after that. Thereafter, in the absence, of any manifest change it is intended that this would be maintained over time and would be progressive.

I urge shareholders who wish to change the size of their shareholdings to contact Asset Match in the period up to 25th September as the next opportunity to buy or sell shares will not be until March 2015.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alan G Stewart', with a long horizontal line extending to the right.

Alan G Stewart

Chairman