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22nd May 2019

City Fund - Tranche One – May 2019 update

Dear Investor,

I am pleased to be able to provide you with my latest update on the progress of The City Pub EIS Fund and to reiterate our strategy first outlined in last November's update.

Our companies, The Galaxy (City) Pub Company Ltd, The Pioneer (City) Pub Company Ltd and The Sovereign (City) Pub Company Ltd, which trade as part of the Mosaic Pub & Dining (www.mosaicpubanddining.com) brand under the management team of James Watson and Peter McDonald, have continued to deliver impressive performances to the end of the financial year (March 31st). The companies enjoyed double digit growth over the full 53-week period, while turnover was up 22% to £8.926m.

Two sites opened in the year, The Bethnal Green Tavern in East London and The Frederick Street Townhouse in Birmingham's Jewellery Quarter, adjacent to The Button Factory. Both are now busy growing their customer bases and in total we now have ten sites in the portfolio, of which seven are freehold or virtual freehold. Trading from the start of the new financial year in April has continued to show momentum and our sites are very well placed to take advantage as we enter the summer period.

On a directors' valuation, we estimate current NAV per share to be above 100p. As stated previously, if projected growth is maintained we anticipate NAV to increase to circa 130p over the next two years. It is worth mentioning again that gains on shares which are invested via EIS are exempt for capital gains tax purposes, so any gain which is achieved will be non-taxable.

I trust the above is positively received, however as before please contact me if you wish to seek buyers for your investment within the above-described timescale or if you have any further questions, my email address is clivewatson@citypubcompany.com. Please find an estate trading update below and many thanks for your continued support.

Clive Watson
Investment Consultant, The City Pub EIS Fund/Mosaic Pub and Dining



Estate update

The Galaxy (City) Pub Co. Ltd

-) **The Garrison**, 99 Bermondsey Street, London SE1 3XB (www.thegarrison.co.uk), freehold. It is now four years since we acquired this site and it continues to deliver a profit well in excess of £500,000 per annum and maintains an excellent culinary reputation.
-) **The Green Goose**, 112 Anglo Road, London E3 5HD (www.greengooselondon.com), freehold. This Mile End locals' site had a fantastic 2018/19, with like-for-like sales up 25% and great growth has continued into 2019/20 due to its broad customer appeal within the varied local demographic.
-) **Walkers of Whitehall**, 15 Craig's Court, London SW1A 2DD (www.walkersofwhitehall.co.uk), leasehold. Walkers also had a terrific 2018/19 despite not being suited to the good weather we had; it increased sales by 19% and has had a similarly good start to 19/20 continuing to gain popularity from business people and tour groups alike with its three trading floors able to cater for diverse groups.
-) **Bethnal Green Tavern**, 456 Bethnal Green Road, London E2 0EA (www.bethnalgreentavern.co.uk), leasehold. This site has not yet hit its stride, we are actively looking to differentiate the offer to win customers from more established competitors nearby, and the lovely urban garden we have created should generate good interest in the forthcoming warmer months.

The Pioneer (City) Pub Co. Ltd

-) **The Button Factory**, 25 Frederick Street, Birmingham B1 3HH (www.thebuttonfactorybirmingham.co.uk), long leasehold. This site continues to perform very well and 2018/19 was comfortably its record year.
-) **The Fire Station**, St James Square, Cheltenham GL50 3PR (www.thefirestationcheltenham.co.uk), freehold. It is encouraging to see this site back in growth despite the ever-increasing competition in Cheltenham and over the year The Fire Station's sales were significantly above 2017/18.
-) **The Distillery**, 4 Sheepcote Street, Birmingham B16 8AE (www.thedistillerybirmingham.co.uk), leasehold. The Distillery had an exceptional 2018/19, more than doubling 2017/18's profit. The World Cup and lovely summer helped, as did sales-building initiatives such as focussing on building our name as a first-class wedding reception venue.
-) **Frederick Street Townhouse**, Birmingham B1 3HH, (www.frederickstreettownhouse.co.uk) long leasehold situated next door to The Button Factory. This site opened in February and looks beautiful, the next twelve months will be spent establishing a strong reputation online, raising awareness and in turn occupancy, while generating additional sales for The Button Factory.

The Sovereign (City) Pub Co. Ltd

-) **The Case Is Altered**, High Road, Eastcote, Pinner, Middx HA5 2EQ (www.caseisalterredpinner.co.uk), freehold. The Case has continued to trade exceptionally well, 20% up last year, and regularly still trades very well in poorer weather weeks, while it had its record week last month.
-) **The Rising Sun**, 277-279 Richmond Road, Twickenham TW1 2NP (www.therisingsunrichmond.com), freehold. The Rising Sun has begun to show some growth over the past three months, however there is the potential for plenty more, as we look to push on with the help of a much smartened-up garden, a stronger drinks offering and stronger management.