

**THIS LETTER AND THE ACCOMPANYING FORM OF INSTRUCTION ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the Transaction, the contents of this Letter or as to the action you should take, you are recommended to seek your own personal financial, tax and/or legal advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are in the United Kingdom. If you are in a territory outside of the United Kingdom you should immediately consult an appropriately authorised independent financial advisor.

**The City Pub Group plc**

Essel House 2<sup>nd</sup> Floor  
29 Foley Street  
London  
England  
W1W 7TH

**Young & Co.'s Brewery, P.L.C.**

Copper House  
5 Garratt Lane  
Wandsworth  
London  
SW18 4AQ

13 December 2023

*To the holders of options granted in 2016 and 2020 under The City Pub Group plc Company Share Option Plan (formerly known as the City Pub (East) Plc Company Share Option Plan) and the City Pub (West) Plc Company Share Option Plan (together the **CSOP**)*

Dear Participant

**Recommended acquisition of The City Pub Group plc (City Pubs) by Young & Co.'s Brewery, P.L.C. (Young's): How the Transaction affects your options granted in 2016 and 2020 under the CSOP**

***Introduction***

On 16 November 2023, the directors of Young's and City Pubs announced that they had reached agreement on the terms of a recommended offer pursuant to which Young's will acquire the entire issued and to be issued ordinary share capital of City Pubs (the **Transaction**).

This Letter tells you about the impact of the Transaction on the options you hold under the CSOP granted in 2016 and 2020 (**Options**) and the decisions you are able to make.

Please read everything in this Letter, its appendices and the Form of Instruction carefully. **Their contents are very important.** You will find a list of definitions in **Appendix A** which explain the key defined terms used in this Letter (any capitalised terms not included in Appendix A will have the meaning given to them in the Scheme Document).

***The Transaction***

Under the terms of the Transaction, which is subject to the conditions and further terms set out in the Scheme Document, City Pubs Shareholders will be entitled to receive:

**for each City Pubs Share they own:**

**108.75 pence in cash (Cash Consideration)**

**and**

**0.032658 New Young's A Shares (Share Consideration)**

You should note that the Scheme is subject to the approval of the City Pubs Shareholders, and is also subject to Court approval.

### ***Your Options***

You are receiving this Letter because you hold one or more Options granted under the CSOP in 2016 or 2020. **Please note that this letter does not apply to any other options granted under the CSOP – if you hold any other option under the CSOP you will have received a separate letter in relation to each such option.**

All Options are currently exercisable and will remain exercisable until (at the latest) six weeks after the Effective Date. This Letter sets out the proposal being made by Young's in relation to your Options (at paragraph 2 of the "Impact on your Options" section) (the **Proposal**), the alternatives open to you in relation to your Options, and the recommendation of the City Pubs Directors (at paragraph 12 of the "Impact on your Options" section).

In broad terms, the Proposal is that you exercise your Options using the enclosed Form of Instruction with such exercise conditional upon but to take effect immediately upon the Scheme being sanctioned by the Court, and sell each of the City Pubs Shares you acquire on exercise under the Transaction for 108.75 pence in cash and 0.032658 New Young's A Shares, subject to the terms of the Transaction.

### ***Action to take***

**If you wish to exercise your Options in accordance with the Proposal, please return a copy of the Form of Instruction duly signed, dated and completed to [REDACTED] TO BE RECEIVED AS SOON AS POSSIBLE AND IN ANY EVENT BY NO LATER THAN 5PM ON 12 JANUARY 2024.**

If you want to remind yourself of the Options you hold, please contact [REDACTED].

Please note that if you take no action your Options will cease to be exercisable six weeks following the Effective Date, or earlier under the rules of the CSOP, and you will not receive any value for your Options.

**You will need to take action to realise value from your Options as this will not happen automatically. If you do not take any action, your Options will lapse.**

### ***Questions***

If you have any questions on the contents of this Letter or how to complete the enclosed Form of Instruction, please contact [REDACTED]. However, please be aware that no legal, tax, financial or investment advice on the Transaction or its effect on your Options can be provided by City Pubs or Young's. **If you are in any doubt as to the action you should take, you should seek your own independent professional advice.**

Yours faithfully

**Clive Watson**  
Executive Chairman

**For and on behalf of:**  
The City Pub Group plc

**Simon Dodd**  
Chief Executive

**For and on behalf of:**  
Young & Co.'s Brewery, P.L.C.

## IMPACT ON YOUR OPTIONS

### 1. When can I exercise my Options?

All Options granted in 2016 and 2020 have vested and are currently exercisable in accordance with the CSOP rules.

You can elect to exercise your Options either before the Sanction Date using the normal exercise procedures or by accepting the Proposal set out in paragraph 2.

If you elect to exercise your Options before the Sanction Date using the normal exercise procedures and choose to sell enough shares to cover the exercise price and retain the rest of your City Pubs Shares, each City Pubs Share that you hold at the Scheme Record Time will be acquired by Young's under the Transaction and you will receive the Cash Consideration (108.75 pence) and the Share Consideration (0.032658 New Young's A Shares) subject to the terms of the Transaction.

All Options will remain exercisable until (at the latest) the date which falls six weeks after the Effective Date. However, as set out at paragraph 5 below, you must exercise your Options before the expiry of 20 days after the Effective Date in order to benefit from favourable tax treatment.

### 2. How do I exercise my Options and participate in the Transaction?

The Proposal is that you exercise all of the Options you hold to the maximum extent possible, conditional on the Scheme being sanctioned by the Court at the Sanction Hearing, and participate in the Transaction in respect of the City Pubs Shares you acquire from exercising your Options. This means that you would be entitled to receive 108.75 pence in cash and 0.032658 New Young's A Shares for each City Pubs Share, subject to the terms of the Transaction.

If you wish to exercise your Options to the maximum extent possible and participate in the Transaction in respect of the City Pubs Shares acquired on exercise of your Options, **you should complete, sign and submit the enclosed Form of Instruction and return a copy by e-mail to [REDACTED] as soon as possible and in any event so as to be received by no later than 5pm on 12 January 2024.** If you do so, the exercise of your Options will take effect immediately on the Scheme being sanctioned by the Court at the Sanction Hearing.

### 3. If I submit my Form of Instruction, how will the consideration due for my City Pubs Shares be delivered to me?

Payment of the Cash Consideration (following the deduction of the applicable exercise price – see paragraph 4) will be made to you through payroll as soon as reasonably practicable after the Effective Date.

Because fractions of New Young's A Shares will not be issued under the Transaction, entitlements will be rounded down to the nearest whole number of New Young's A Shares. All fractions of New Young's A Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of broking fees and other sale costs and expenses, together with any tax or foreign exchange conversion fees payable on the sale) will be distributed on a pro rata basis, excluding any individual entitlements of less than £5.00, and will be paid to you through payroll.

Certificates for your New Young's A Shares will be sent to City Pubs on your behalf within 14 days of the Effective Date. Christopher Merriman will then separately arrange for the certificates to be sent to you.

#### **4. Do I need to pay anything upfront to exercise my Options?**

If you exercise your Options using the Form of Instruction, you will not need to make any upfront payments to exercise your Options, as the aggregate exercise price payable will be deducted from the Cash Consideration due to you in respect of the City Pubs Shares that you acquire on exercise.

#### **5. What tax will I have to pay if I exercise my Options?**

Please see **Appendix B**, which sets out a brief summary of the UK tax consequences in relation to the exercise of your Options under the Proposal and the sale of any City Pubs Shares you acquire as a result. In broad terms, if you accept the Proposal, no income tax or National Insurance contributions will arise on the exercise of your Options, though you may have to pay capital gains tax in respect of the sale of your City Pubs Shares.

You should note that in order for the exercise of your Options to benefit from the exemption from income tax, you must exercise it prior to the expiry of 20 days following the Effective Date. If you exercise your Options after the expiry of this 20 days period, income tax and employee National Insurance contributions will be payable on the exercise of your Options.

Before you decide what action you would like to take, you should consider your tax position. If you are in any doubt as to your tax position, you should seek your own independent professional tax advice immediately.

#### **6. Other courses of action**

You do not have to exercise your Options using the enclosed Form of Instruction.

As your Options have vested and are currently exercisable, as stated in paragraph 1 above, you may exercise your Options using the normal exercise procedures until shortly before the Sanction Date (the date on which the normal exercise procedures will cease to be available will be notified to you in due course).

You may also exercise any Options during the six week period following the Effective Date by submitting a notice of exercise to City Pubs. However, you should note that if you exercise your Options otherwise than in accordance with the Proposal, you will be required to provide payment in advance for the aggregate exercise price payable in respect of your Options. In addition, if you exercise your Options after the expiry of 20 days following the Effective Date, you will be liable for income tax and employee National Insurance contributions on such exercise, which you will also be required to provide payment for in advance.

Please also note that if you exercise your Options otherwise than in accordance with the Proposal, you will receive identical consideration to that you would have received had you exercised using the enclosed Form of Instruction, due to an amendment to be made to the City Pubs Articles. However, such consideration will be paid to you later than if you had exercised your Options using the enclosed Form of Instruction.

## 7. What happens if I leave employment with the City Pubs Group?

In order to be able to exercise your Options in accordance with the Proposal, you must (i) be an employee within the City Pubs Group on the Sanction Date and (ii) not have given or received notice to terminate your employment on the Sanction Date (in each case, except if you leave employment with the City Pubs Group, or if you have already left, in certain “good leaver” circumstances specified in the CSOP rules or on death).

In summary, this means:

- if you leave, or have already left, for any “good leaver” reason (other than death) under the CSOP rules (for example, if you leave because of injury, ill-health or disability), you will continue to be entitled to exercise those Options until the earlier of (i) the date that falls six weeks following the Effective Date, (ii) six months from the date that your employment ceases, or (iii) any earlier lapse date that applies to your Options under the CSOP rules;
- on death, your Options will be exercisable until twelve months from the date of death;
- if you leave and you do not qualify as a “good leaver” under the CSOP rules, you will not be entitled to exercise any Options that you hold on the date on which notice is given or your employment ceases, unless the Remuneration Committee determines otherwise.

**Please note:** If you cease to be an employee within the City Pubs Group or give or receive notice to terminate your employment before the Sanction Date and you do not qualify as a “good leaver” (including death), you will not be entitled to exercise your Options, even if you have previously submitted a Form of Instruction. Therefore, as your Options are currently exercisable, if you are due to cease employment prior to the Sanction Date, you should consider exercising your Options before they lapse using the normal exercise procedures (as referred to in paragraph 6 above).

## 8. Can I give my Options to someone else?

No, under the rules of the CSOP, you cannot transfer your Options.

## 9. What happens if I do nothing?

If you do not submit the Form of Instruction or otherwise exercise your Options, your Options will lapse in accordance with the rules of the CSOP.

## 10. What if I am a PDMR or an insider?

If you are a Person Discharging Managerial Responsibilities (**PDMR**) or a restricted person under the City Pubs Share Dealing Code (the **Dealing Code**), or you have otherwise been told that the Dealing Code applies to you, you must obtain permission to exercise your Options under the Dealing Code before you submit an instruction and your instruction must be submitted as soon as possible and in any event within 24 hours of permission being granted. You can seek permission to deal by following the process set out in the Dealing Code.

It is recommended that, if you wish to exercise your Options conditional on the Scheme being sanctioned by the Court at the Sanction Hearing and you are a PDMR or a restricted person under the Dealing Code (or you will potentially become one), you seek permission to take such action as soon as possible.

## **11. What if I hold other options under the CSOP or under other share plans?**

This Letter only relates to Options you hold under the CSOP that were granted in 2016 or 2020. If you hold other options under the CSOP or options or awards under other City Pubs share plans (such as the LTIP or JSOP), you will receive a separate communication with details of the proposals being made in respect of such options. Please also read those letters carefully as the treatment under these plans may be different from the treatment of the Options.

## **12. What is the view of the City Pubs Directors?**

The City Pubs Directors, who have been so advised by Houlihan Lokey UK Limited (**Houlihan Lokey**) and Liberum Capital Limited (**Liberum**) as to the financial terms of the Proposal, consider the terms of the Proposal set out in this Letter to be fair and reasonable in the context of the Transaction. In providing their advice to the City Pubs Directors, Houlihan Lokey and Liberum have taken into account the commercial assessments of the City Pubs Directors. Houlihan Lokey and Liberum are acting as the independent financial advisers to City Pubs for the purpose of providing independent financial advice to the City Pubs Directors under Rules 3 and 15 of the Takeover Code.

The City Pubs Directors recommend that you exercise your Options. You should consider your own personal circumstances, including your tax position, when deciding your preferred timing for exercising your Options.

## **13. How do I accept the Proposal and exercise my Options?**

You should consider the Proposal set out in paragraph 2 carefully, keeping in mind your financial position and the consequences of accepting the Proposal. If you are in any doubt you should seek your own independent financial advice.

**If you wish to accept the Proposal you should complete, sign and date the enclosed Form of Instruction and return a copy by e-mail to [REDACTED] as soon as possible and in any event so as to be received by no later than 5pm on 12 January 2024.**

**If you take no action your Options will lapse under the CSOP rules.**

## **14. Important notes**

Nothing in this Letter, its appendices or the Form of Instruction constitutes financial advice to any holder of City Pubs Shares, share awards or share options in City Pubs. None of City Pubs, Young's, nor any of their employees, directors or advisers can provide legal, tax, financial or investment advice on the Transaction.

If you have received this letter electronically, you may request a hard copy of this letter, free of charge, by emailing [REDACTED]. You may also request that all future documents, announcements and information to be sent to you in relation to the Transaction should be in hard copy form.

If there is a conflict between the information in this Letter, the Form of Instruction, and the CSOP rules or any relevant legislation, the CSOP rules and the legislation will prevail.

## TRANSACTION SUMMARY

### **1. How does the Transaction work?**

The Transaction will result in City Pubs and its subsidiaries becoming wholly-owned subsidiaries of Young's.

The Transaction will be carried out through what is called a "scheme of arrangement". This is a procedure that has to be first approved by City Pubs Shareholders at a shareholder meeting, to be held on 17 January 2024, and then requires final approval by the Court on a date referred to in this Letter as the "Sanction Date". This is not the date on which the Transaction will be completed. The Transaction is currently due to complete two business days after the Sanction Hearing when the Scheme becomes effective. If you want to read more about this, please go to the City Pubs website at <https://www.citypubcompany.com/investors/> and the Young's website at <https://www.youngs.co.uk/investors> where you will find the Scheme Document that was sent to City Pubs Shareholders around the date of this Letter as well as a copy of this Letter.

### **2. What can City Pubs Shareholders receive under the Transaction?**

The terms of the Transaction are set out in full in the Scheme Document. However, in summary (and subject to the terms of the Transaction), for each City Pubs Share sold to Young's through the Scheme, a City Pubs Shareholder will receive 108.75 pence in cash and 0.032658 New Young's A Shares.

### **3. When will the Transaction take place?**

The date of the Sanction Hearing is still to be confirmed but it is expected to be in the first quarter of 2024 with the Effective Date expected to be two business days after the Sanction Hearing, subject to City Pubs Shareholder approval and receipt of the relevant regulatory and merger control approvals. An expected timeline of key events relating to the Transaction is available in the Scheme Document.

Once the date of the Sanction Hearing is known, City Pubs will announce this via a Regulatory Information Service (with such announcement being made available on City Pubs' website at <https://www.citypubcompany.com/investors/>).

### **4. Will the Transaction definitely go ahead?**

The Transaction is conditional on various approvals and consents including: (i) approval by City Pubs Shareholders at a meeting to be held on 17 January 2024; (ii) certain regulatory and merger control approvals; and (iii) the sanction of the Court. You should note that there is no certainty that City Pubs Shareholders will approve the Transaction and the Court will sanction the Scheme.

### **5. What if the Transaction does not go ahead?**

If the Court does not sanction the Scheme at the Sanction Hearing, your Options will continue as normal under the rules of the CSOP.

### **6. Can I opt out of the Scheme?**

If you have exercised your Options using the enclosed Form of Instruction so that you are a City Pubs Shareholder by the Scheme Record Time, it is not possible to opt out of the Scheme.

## Notes

- 1 The release, publication or distribution of this Letter and/or any accompanying documents (in whole or in part) in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Letter comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by law, City Pubs and Young's disclaim any responsibility or liability for the violation of such restrictions by such persons.
- 2 The City Pubs Directors, whose names are set out in sub-paragraph 2.1 of Part VII of the Scheme Document, accept responsibility for the information contained in, or incorporated by reference into, this Letter (including any expressions of opinion) other than the information for which responsibility is taken by others pursuant to paragraph 3 below. To the best of the knowledge and belief of the City Pubs Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 3 The Young's Directors whose names are set out in sub-paragraph 2.2 of Part VII of the Scheme Document, accept responsibility for the information contained in, or incorporated by reference into, this Letter (including any expressions of opinion) relating to Young's, themselves and their respective close relatives, related trusts of and other connected persons and persons acting in concert (as such term is defined in the Takeover Code) with Young's. To the best of the knowledge and belief of the Young's Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 4 Houlihan Lokey UK Limited (**Houlihan Lokey**), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to City Pubs and no one else in connection with the Transaction and will not be responsible to anyone other than City Pubs for providing the protections afforded to clients of Houlihan Lokey or for providing advice in relation to the contents of, or matters referred to in, this Letter. Neither Houlihan Lokey nor any of its affiliates owes or accepts any duty, liability, or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Houlihan Lokey in connection with this Letter, or otherwise.
- 5 Liberum Capital Limited (**Liberum**), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively to City Pubs and no one else in connection with the Transaction and will not be responsible to anyone other than City Pubs for providing the protections afforded to clients of Liberum or for providing advice in relation to the contents of, or matters referred to in, this Letter. Neither Liberum nor any of its affiliates owes or accepts any duty, liability, or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Liberum in connection with this Letter, or otherwise.
- 6 Houlihan Lokey and Liberum have each given and not withdrawn their written consent to the issue of this Letter with the inclusion of references to its name in the form and context in which they are included.



- 7 Accidental omission to dispatch this Letter or the Form of Instruction to, or any failure to receive the same by, any person to whom the Proposal in this Letter is made or should be made will not invalidate the Proposal in any way.
- 8 Your Options are governed by the CSOP and in the event of a conflict between this Letter and the rules of the CSOP or any relevant legislation, the rules of the CSOP or the legislation will prevail.
- 9 The statements contained in this Letter are not to be construed as legal, investment, financial or tax advice. If you are in any doubt as to the action you should take, you should seek your own independent professional advice.

## Appendix A

### Defined Terms

<b>Cash Consideration</b>	the cash amount of 108.75 pence in cash per City Pubs Share;
<b>City Pubs</b>	The City Pub Group plc, incorporated in England and Wales with registered number 07814568 and whose registered office is at Essel House 2nd Floor, 29 Foley Street, London, England, W1W 7TH;
<b>City Pubs Articles</b>	the articles of association of City Pubs as amended from time to time;
<b>City Pubs Directors</b>	the board of directors of City Pubs at the date of this Letter;
<b>City Pubs Group</b>	City Pubs and its Subsidiaries and Subsidiary Undertakings;
<b>City Pubs Shareholders</b>	the holders of City Pubs Shares;
<b>City Pubs Shares</b>	the ordinary shares of 1 pence each in the capital of City Pubs;
<b>Court</b>	the High Court of Justice in England and Wales;
<b>CSOP</b>	The City Pub Group plc Company Share Option Plan (formerly known as the City Pub (East) Plc Company Share Option Plan) and the City Pub (West) Plc Company Share Option Plan (each as amended from time to time);
<b>Effective Date</b>	the date upon which the Scheme becomes effective in accordance with its terms;
<b>Form of Instruction</b>	the form of instruction provided with the Letter;
<b>JSOP</b>	The City Pub Group plc Joint Share Ownership Plan;
<b>Letter</b>	this letter from City Pubs and Young's explaining the impact of the Transaction on the Options;
<b>LTIP</b>	The City Pub Group plc Long-Term Incentive Plan;
<b>New Young's A Shares</b>	the A ordinary shares of 12.5 pence each in the capital of Young's;

<b>Option</b>	an option to acquire City Pubs Shares granted in 2016 and 2020 under the CSOP;
<b>Proposal</b>	the proposal being made by Young's in relation to your Options, as set out in paragraph 2 of the "Impact on your Options" section of the Letter;
<b>Remuneration Committee</b>	the remuneration committee of the board of directors of City Pubs;
<b>Sanction Date</b>	the date of the Scheme Court Order;
<b>Sanction Hearing</b>	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act;
<b>Scheme</b>	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between City Pubs and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court (where relevant) and agreed to by City Pubs and Young's, as set out in Part IV (The Scheme of Arrangement) of the Scheme Document;
<b>Scheme Court Order</b>	the order of the Court sanctioning the Scheme under section 899 of the Companies Act 2006;
<b>Scheme Document</b>	the document dated on or around the date hereof sent by City Pubs to the City Pubs Shareholders, of which the Scheme forms part;
<b>Scheme Record Time</b>	6:00 p.m. on the Business Day immediately prior to the Effective Date or such later time as Young's and City Pubs may agree;
<b>Share Consideration</b>	0.032658 New Young's A Shares per City Pubs Share;
<b>Takeover Code</b>	the City Code on Takeovers and Mergers;
<b>Young's</b>	Young & Co.'s Brewery, P.L.C., incorporated in England and Wales with registered number 00032762 and whose registered office is at Copper House, 5 Garratt Lane, Wandsworth, London, SW18 4AQ;
<b>Young's Directors</b>	the persons whose names are set out in paragraph 2.2 of Part VII (Additional Information) of the Scheme Document or, where the context

	so requires, the directors of Young's from time to time;
<b>Young's Group</b>	Young's and its Subsidiaries and Subsidiary Undertakings; and
<b>Young's Shareholders</b>	holders of Young's Shares.

## Appendix B

### UK Taxation

The information in this Appendix B applies to Options granted under the CSOP in 2016 and 2020 that are exercised in accordance with the Proposal. You should note that different treatment may apply if you exercise an Option otherwise than pursuant to the Proposal (in particular if you exercise more than 20 days after the Effective Date).

This information is intended as a general guide to the **UK tax** implications of exercising your Options and selling your City Pubs Shares to Young's in accordance with the Proposal, and does not constitute tax advice to any individual participant. Please remember that tax law can and often does change, and you should not necessarily assume the current tax position will continue. The below assumes you are working, resident and domiciled for tax purposes in the UK at all material times. This summary is not a full description of all the circumstances in which a tax liability may arise.

Please be aware that you are responsible for your personal tax position and that none of City Pubs, Young's nor their employees, directors or advisors can provide you with tax advice. **If you are in any doubt as to your tax position or if you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriate professional adviser without delay.**

#### 1 Income tax and National Insurance contributions (NICs)

No income tax or employee NICs charge should arise either on the exercise of your Options or the sale of your City Pubs Shares to Young's.

#### 2 Capital gains tax (CGT)

- 2.1 You should refer to paragraph 17 of Part II of the Scheme Document for further information regarding the potential CGT consequences in connection with the disposal of your City Pubs Shares.
- 2.2 Your base cost in your City Pubs Shares (which will be the exercise price paid for those City Pubs Shares) should be apportioned between the Cash Consideration and the Share Consideration by reference to the respective market values of the City Pubs Shares and cash received at the date of disposal.
- 2.3 In broad terms, to the extent that you receive Cash Consideration you will be treated as having made a part disposal of City Pubs Shares for CGT purposes.
- 2.4 Where the amount of cash received is less than £3,000, you may be treated as not having disposed of the City Pubs Shares in respect of which the cash was received. Instead, the cash should be treated as a deduction from the base cost of your City Pubs Shares rather than as a part disposal thereof.
- 2.5 You only have to pay CGT on your overall gains above the annual exempt amount, which will be up to £6,000 for the tax year 2023/24. You may also be able to reduce your CGT liability by deducting losses or claiming reliefs.
- 2.6 To the extent you receive New Young's A Shares you will not be treated as having made a disposal of City Pubs Shares. Instead, the New Young's A should be treated as the same asset

as those City Pubs Shares, and as acquired at the same time and for the same consideration as those shares.

- 2.7 You should be aware that if you own other City Pubs Shares (other than the ones you acquire from exercising your Options under the CSOP) that are sold as part of the Transaction there are complex CGT rules that may apply. You should take independent tax advice on these arrangements and report all applicable sales on your self-assessment tax return.

### **3 Accounting For Tax Under Self-Assessment**

- 3.1 Under the self-assessment regime, taxpayers are required to provide HMRC with all the information needed to calculate their taxable income (from all sources) and any chargeable gains. The calculation of tax may then be carried out either by you as the taxpayer or by HMRC. The time limit for filing a return on-line and paying your CGT (if any) is 31 January after the end of the tax year in which the chargeable gain arises. For example, if you sell your City Pubs Shares in the 2023/2024 tax year (i.e. between 6 April 2023 and 5 April 2024) the deadline is 31 January 2025.