

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

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

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13 December 2023

*To the holders of options granted in 2022 under The City Pub Group plc Company Share Option Plan (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 option granted in 2022 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 option you hold under the CSOP granted in 2022 (**2022 Option**) 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).

Your 2022 Option

You are receiving this Letter because you hold an option granted under the CSOP in 2022. **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 2022 Options are not currently exercisable. However they will vest and become exercisable on the **Effective Date**, 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 2022 Option (at paragraph 2 of the "Impact on your 2022 Option" section) (the **Proposal**), the alternatives open to you in relation to

your 2022 Option, and the recommendation of the City Pubs Directors (at paragraph 12 of the “Impact on your 2022 Option” section).

In broad terms, the Proposal is that you exercise your 2022 Option on the Effective Date using the enclosed Form of Instruction and sell the City Pubs Shares you acquire on exercise to Young's for cash consideration of:

143.85735 pence per City Pubs Share

Action to take

If you wish to exercise your 2022 Option on the Effective Date and receive 143.85735 pence for each City Pubs Share you acquire on exercise, 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 2022 Option you hold, please contact [REDACTED].

Please note that if you take no action your 2022 Option 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 2022 Option.

You will need to take action to realise value from your 2022 Option as this will not happen automatically. If you do not take any action, your 2022 Option 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 2022 Option 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 2022 OPTION

1. When can I exercise my 2022 Option?

The Transaction will change the usual treatment of your 2022 Option.

Normally, your 2022 Option would vest and become exercisable on the third anniversary of the date of grant. However, as a result of the Transaction, your 2022 Option will vest and become exercisable on the Effective Date. It is still to be confirmed when the Effective Date will be, but it is likely to be in the first quarter of 2024.

All 2022 Options which vest as a result of the Transaction will remain exercisable until (at the latest) the date which falls six weeks after the Effective Date. However, as set out at paragraph 6 below, you must exercise your 2022 Option before the expiry of 20 days after the Effective Date in order to benefit from favourable tax treatment.

2. How do I exercise my 2022 Option and sell my City Pubs Shares for cash?

The Proposal is that you exercise your 2022 Option to the maximum extent possible on the Effective Date and then each City Pubs Share you acquire will be sold for cash consideration of 143.85735 pence (**Consideration**).

If you wish to accept the Proposal **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 2022 Option will take effect on the Effective Date and your City Pubs Shares will be sold to Young's shortly thereafter.

3. Will I receive any Young's shares?

The holders of 2022 Options will only receive cash consideration for the City Pubs Shares they acquire on exercise. This is different from other City Pubs Shareholders who will receive 108.75 pence in cash and 0.032658 New Young's A Shares for each City Pubs Share they hold under the Transaction. The reason that the Consideration is being paid solely in the form of cash to the holders of 2022 Options is so that holders can benefit from an exemption from income tax on exercise (this exemption would not apply if the consideration was paid partly in the form of Young's shares).

The Consideration of 143.85735 pence per City Pubs Share has been calculated as the value of 108.75 pence in cash and 0.032658 New Young's A Share as at 12 December 2023 (being the last practicable date prior to the date of this letter).

4. If I submit my Form of Instruction, when will the Consideration be paid to me?

Payment of the Consideration (following the deduction of the applicable exercise price – see paragraph 5) will be made to you through payroll as soon as reasonably practicable after the Effective Date.

5. Do I need to pay anything upfront to exercise my 2022 Option?

If you exercise your 2022 Option using the Form of Instruction, you will not need to make any upfront payments to exercise your 2022 Option, as the aggregate exercise price payable will be deducted from the Consideration due to you in respect of the City Pubs Shares that you acquire on exercise.

6. What tax will I have to pay if I exercise my 2022 Option?

Please see **Appendix B**, which sets out a brief summary of the UK tax consequences in relation to the exercise of your 2022 Option 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 2022 Option, 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 2022 Option 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 2022 Option after the expiry of this 20 days period, income tax and employee National Insurance contributions will be payable on the exercise of your 2022 Option.

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.

7. Other courses of action

You do not have to exercise your 2022 Option using the enclosed Form of Instruction.

You may exercise your 2022 Option during the six week period after the Effective Date by submitting a notice of exercise to City Pubs. However, you should note that if you exercise your 2022 Option 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 2022 Option. In addition, if you exercise your 2022 Option 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 2022 Option 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 2022 Option using the enclosed Form of Instruction.

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

In order to be able to exercise your 2022 Option in accordance with the Proposal, you must (i) be an employee within the City Pubs Group on the Effective Date and (ii) not have given or received notice to terminate your employment on the Effective 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), your 2022 Option, will be exercisable from the date you leave 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 the date notice of cessation is given or received, if earlier), or (iii) any earlier lapse date that applies to your 2022 Option under the CSOP rules. If you decide to exercise your 2022 Option in such circumstances prior to the Effective Date, any City Pubs Shares you acquire as a result

of such exercise which you retain at the Scheme Record Time will be acquired by Young's under the Scheme for the Consideration;

- on death, your 2022 Option will be exercisable until twelve months from the date of death;
- if you leave and do not qualify as a "good leaver" under the CSOP rules, you will not be entitled to exercise any 2022 Option that you hold on the date on which notice is given or your employment ceases unless the Remuneration Committee determines otherwise.

9. Can I give my 2022 Option to someone else?

No, under the rules of the CSOP, you cannot transfer your 2022 Option.

10. What happens if I do nothing?

If you do not submit the Form of Instruction or otherwise exercise your 2022 Option within the six week period after the Effective Date, your 2022 Option will lapse in accordance with the rules of the CSOP.

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

This Letter only relates to the 2022 Option you hold under the CSOP. 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 2022 Option.

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 accept the Proposal.

13. How do I accept the Proposal and exercise my 2022 Option?

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 2022 Option 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. 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. However, this does not apply to City Pubs Shares acquired on the exercise of 2022 Options.

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 Transaction does not complete, your 2022 Option will continue as normal under the rules of the CSOP.

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 2022 Option is 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

2022 Option	an option to acquire City Pubs Shares granted in 2022 under the CSOP;
City Pubs	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;
City Pubs Articles	the articles of association of City Pubs as amended from time to time;
City Pubs Directors	the board of directors of City Pubs at the date of this Letter;
City Pubs Group	City Pubs and its Subsidiaries and Subsidiary Undertakings;
City Pubs Shareholders	the holders of City Pubs Shares;
City Pubs Shares	the ordinary shares of 1 pence each in the capital of City Pubs;
Consideration	the cash amount of 143.85735 pence per City Pubs Share;
Court	the High Court of Justice in England and Wales;
CSOP	The City Pub Group plc Company Share Option Plan;
Effective Date	the date upon which the Scheme becomes effective in accordance with its terms;
Form of Instruction	the form of instruction provided with the Letter;
JSOP	The City Pub Group plc Joint Share Ownership Plan;
Letter	this letter from City Pubs and Young's explaining the impact of the Transaction on the 2022 Option;
LTIP	The City Pub Group plc Long-Term Incentive Plan;

New Young's A Shares	the A ordinary shares of 12.5 pence each in the capital of Young's;
Proposal	the proposal being made by Young's in relation to your 2022 Option, as set out in paragraph 2 of the "Impact on your 2022 Option" section of the Letter;
Remuneration Committee	the remuneration committee of the board of directors of City Pubs;
Sanction Date	the date of the Scheme Court Order;
Sanction Hearing	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act;
Scheme	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;
Scheme Court Order	the order of the Court sanctioning the Scheme under section 899 of the Companies Act 2006;
Scheme Document	the document dated on or around the date hereof sent by City Pubs to the City Pubs Shareholders, of which the Scheme forms part;
Scheme Record Time	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;
Takeover Code	the City Code on Takeovers and Mergers;
Young's	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;
Young's Directors	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;

Young's Group	Young's and its Subsidiaries and Subsidiary Undertakings; and
Young's Shareholders	holders of Young's Shares.

Appendix B

UK Taxation

The information in this Appendix B applies to 2022 Options granted under the CSOP that are exercised in accordance with the Proposal. You should note that different treatment may apply if you exercise your 2022 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 2022 Option 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)

- 1.1 No income tax or employee NICs charge should arise either on the exercise of your 2022 Option or the sale of your City Pubs Shares to Young's.

2 Capital gains tax (CGT)

- 2.1 CGT arises on the disposal of chargeable assets, such as shares. You will have a chargeable gain for CGT purposes on the sale of City Pubs Shares to Young's in connection with the Transaction.
- 2.2 The amount of the chargeable gain would be equal to the amount of the total consideration you receive on the disposal of your City Pubs Shares (i.e. the sum of the aggregate Consideration) less the amount you paid for those City Pubs Shares (which will be the exercise price for each City Pubs Share under your 2022 Option).
- 2.3 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.
- 2.4 You should be aware that if you own other City Pubs Shares (other than the ones you acquire from exercising your 2022 Option 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.