



HOUSE OF COMMONS
LONDON SW1A 0AA

17 November 2014

Ref: LG/4476

Dear Mr Appleton,

Re: Coventry City Football Club Limited – in liquidation

I write in relation to the attached article that appeared on the Higgs Charity's website, entitled 'The sale by the Trustees of their shares in Arena Coventry Ltd'.

You will see that the Higgs Charity say there is clear ambiguity, created on the part of the Joint Liquidators, over the question of ownership of the Option agreement. The Higgs Charity say the Joint Liquidators claim "*both that it is the right of the liquidators of CCFC Ltd exclusively to exercise their option to buy and also that the Option was sold to Otium in 2013 out of the Administration of CCFC Ltd*".

I would be most grateful if you could clarify whether the Joint Liquidators own exclusively the option to buy or whether this option was sold to Otium in 2013.

I look forward to receiving your early response on this matter.

Yours sincerely

The Rt. Hon Bob Ainsworth MP
Coventry North East

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The sale by the Trustees of their shares in Arena Coventry Ltd

admin • November 14, 2014

Safeguarding the Arena Project

The Trustees of the Higgs Charity had clear objectives when in 2003 they bought Football Investors Ltd which owned 50% of Arena Coventry Ltd. Primarily they sought to ensure that the planned development of the Ricoh Arena would go ahead. In partnership with the City Council the development would act as a major stimulus to the regeneration of north east Coventry. This has been achieved.

They also hoped to protect their investment. In this they have not succeeded. As Mr Justice Hickinbottom said in his judgement in proceedings earlier this year between the Charity and Sisu Capital Limited "iii) SISU distressed the financial position of ACL by refusing to pay ACL any rent or licence fee. That made ACL commercially vulnerable, because it could not service its Bank loan. It also had the effect of reducing the value of the share in ACL that SISU coveted." This loss of value is reflected in the offers received by the Trustees for their shares. ACL, following a period of restructuring both of its debt and its business, is now fully profitable but at the point where new investment is required to finance the next expansion onto Car Park C and on the adjacent leisure land. The sale of their shares by the Trustees will enable this continuation of the regeneration of north east Coventry.

The offer from the Joint Liquidators of CCFC Ltd

In rejecting the offer from Otium, the Sisu company which owns the Coventry City Football Club name and the licence to play in the Football League, the Trustees are fully aware of the possibility that they may be subjected to criticism, as they were by Sisu Capital Limited in the court proceedings between the Charity and Sisu Capital Limited earlier this year. In those proceedings Mr Justice Leggatt stated in his judgement in April 2014 that:

“ the criticisms made of the Trustees by Sisu as to the propriety of their conduct in December and January and the arguments made about them undermining the bargain by their actions at that time are misplaced, and it is unfortunate that allegations were made in some of the pejorative terms which have been used by Sisu in these proceedings. There was no warrant for those allegations”.

Notwithstanding the history of Sisu's behaviour, the Trustees considered carefully the offer to purchase made by Otium through the Joint Liquidators of CCFC Ltd. In addition to the financial aspects of the offers, the Trustees considered all other factors. Amongst other factors considered, the Wasps offer was unconditional; the Otium offer was conditional. The Wasps offer requires in effect nothing of the Trustees other than the transfer of the shares. The offer from Otium through the Joint Liquidators is expressly stated to be non-binding and subject to a number of conditions. It contains conditions, none of which can be fulfilled wholly by the Trustees owing to duties of confidentiality to third parties.

Further the question of ownership of the Option agreement has been made ambiguous by the Joint Liquidators. They claim both that it is the right of the liquidators of CCFC Ltd exclusively to exercise their option to buy and also that

the Option was sold to Otium in 2013 out of the Administration of CCFC Ltd . Further, the Option has been reported in the annual accounts of the Sisu company that owns Otium, Sky Blue Sports and Leisure, in 2008, 2009 and 2010 as an asset (valued at £1m). To be absolutely clear the Option was expressly stated to be non-assignable without the express consent of the Trustees, which consent has not been asked for or given. The Trustees were reluctant to enter this morass of conflicting spurious claims.

Alongside the offer through the Joint Liquidators is an offer from Otium to allow the Charity to join it in an extensive football club based community programme. The proposal does not fit the Trustees' plans for their future activities and commitments already made. The Trustees hope that Otium will now engage with the community as they suggested in 2012 and now again in this recent letter from Mr Fisher. It is not for a charity to support the activities of a commercial enterprise; however it is socially responsible for commercial enterprises to support the local community.

The Ricoh Arena is a major asset to the City and continues to be the home of 'Coventry City Football Club'. Responsibility for the future of both the football club and Wasps lies with their owners.

The Trustees have contributed greatly to the expansion of sporting facilities and to the development of a coherent sports strategy for the City. They believe that the resource deficit in the Arts needs to be addressed. The renovation and expansion of the Drapers' Hall as a home for Music Coventry will, they hope, stimulate the same step change in the Arts in the City as the Alan Higgs Centre helped to do in sport.

Posted in Uncategorized on November 14, 2014 [<http://www.higgscharity.org.uk/the-sale-by-the-trustees-of-their-shares-in-arena-coventry-ltd/>] by admin.

Our Ref: PA/GAM/C527/Gen

Your Ref: LG/4476

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The Rt Hon Bob Ainsworth MP
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21 November 2014

Dear Mr Ainsworth

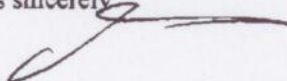
COVENTRY CITY FOOTBALL CLUB LIMITED (IN LIQUIDATION)
("THE COMPANY") (FORMERLY IN ADMINISTRATION)

Thank you for your letter dated 17 November.

Whilst I have no desire to be unhelpful, the current circumstances of this case are such that I do not wish to become embroiled in unnecessary correspondence based purely on media statements on a subject, which is now irrelevant. The resultant increase in costs would be unjustifiable.

I trust you will agree that a continuance of this correspondence, in the circumstances, is an unnecessary use of resources.

Yours sincerely



PAUL APPLETON - JOINT LIQUIDATOR

Paul Appleton is licensed to act as an Insolvency Practitioner in the UK by the ICAEW