



Registered Office:

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Mailing Address:

Blues Trust, c/o Royal George Hotel & Bar, Garrison Lane, Birmingham, B9 4PN

Dear Mr. Pannu,

Firstly, may I take this opportunity to express how deeply disappointing it is not to have received any response to my first communication sent on 11/01/2013. At a time where fans have expressed increasing concern at the lack of openness and transparency from Birmingham City over recent months, it is particularly worrying that you do not feel the need to address these issues in an appropriate and timely fashion.

The communication sent last week was sent as a direct result of the club's recently published accounts for the year ending 30th June 2012. Analysis of these accounts identified a number of issues and it is these issues that Blues Trust believes you, as acting chairman of Birmingham City and recently appointed CEO of Birmingham International Holdings, have both a responsibility and a duty to address.

The accounts also re-confirmed fans' fears that player sales were inevitable in order to ensure the Club can continue operating as a going concern. While no precise figures are specified, the revenue is - taking into account diminished parachute payments from the Premier League, declining gate receipts and a lack of income generated from European competitions - likely to be substantial.

Once again, the Trust would like to understand the value of funding through player sales that is required to allow the Club to continue as a going concern; and for how much longer this situation is likely to continue.

Blues Trust is also seeking clear transparency in relation to the mechanics behind the forward funding arrangements mentioned on numerous occasions in the Club's accounts. Furthermore, are you able to offer any reassurance that the governance - which appears to have been lacking in previous arrangements - is now in place?

One of the main concerns following the publication of the Club's accounts however is surrounding the £687,611 payment to one as-yet-unnamed Director. The Trust notes that you have sought to address this issue through correspondence with the local media, however the Trust would still would like to understand more about the payments which have been classed as 'out of pocket expenses' - totaling £430,000 for a single year - particularly considering that the Club's parent company accounts published last week for the same period only list £27,000 as benefits of kind. In addition, the Trust would like clarification of what the figure for the same unnamed Director is forecasted to be for this year and how this is likely to impact the balance sheet going forward.

Considering the points raised in this second correspondence, Blues Trust is requesting that you issue a full statement addressing the concerns raised. Once again, the Trust finds the lack of communication at present completely unacceptable while the Club's future continuously hangs in the balance.

As was the case previously, a downloadable copy of this correspondence will be available to our members and fans via our website upon delivery. Our members are increasingly concerned about the Board's contempt and lack of transparency, and our members will also be consulted as to appropriate further action. I look forward to receiving your response.

Kind regards,

Steve McCarthy
(Chairman, Blues Trust)