

Blues Trust Questions for Supporters Forum September 6th 2018

We anticipate several questions from different groups regarding the issues we raise. It seems sensible that the Panel will try to answer the range of questions by talking generally about the subject and we welcome that, however we would also request that the specific questions below are also answered with the detail required. We would also request that our questions are published in full on the agenda.

Q1

At the May 24 Supporters Forum meeting, in response to questions about the impact of Financial Fair Play regulations, the club replied, "we understand financial fair play ...supporters should ignore a lot of unfounded and incorrect rumours...We are continuing business as usual."

Given that Birmingham City plc made an operating loss £16.3m in the year to 30 June 2017, and that therefore the club were clearly going to be in breach of FFP rules which state that an 'Embargo will be effective from 1st January 2018 (the relevant season) and that no players were signed during January 2018 transfer window, it is hard to believe there was not an embargo in effect at the time of this statement,

There was no embargo in place at the time of the last Supporters Forum meeting.

There was no embargo in place in January.

- at what point did the club first realise that they had infringed the rules, and at what date were the first contacts with the EFL about a potential embargo?

The EFL and the Club, like all others, are in constant dialogue about Profitability and Sustainability (P&S) rules. It is a fluid situation. The EFL themselves, in a statement to media, said we were informed on 13 July 'our requirements in respect of the basis upon which the club would be able to make additions to Garry Monk's squad'. It needs to be understood that the Club constantly requested clarity from the EFL about matters relating to P&S and proposed various measures to them over a period of time.

- Many fans purchased their season tickets reassured that FFP would not impact transfer business by believing the clubs response at the last Fans Forum. Do the Board believe that they now owe the fans an apology and explanation?

This claim cannot be quantified. The notification of the EFL embargo came on August 2. Season Ticket sales were constant and in line with last season's sales, if slightly up, throughout the close season period.

- it seems that either the club and Board were more aware of the issues and decided not to be open at the last Forum or were running the club without relevant and available financial information. Please can the Director assure us that at this Forum, and in the future, a more open approach will be taken to answering questions.

Regular financial information has always been available and the Club does take a more open approach with supporters on items which are of a non-sensitive nature.

At the last Supporters Forum, everything that was disclosed was as the situation stood at the time. The Club was confident that the measures it had taken and was taking was satisfying the EFL, in keeping with their guidelines.

Q2

Regarding the EFL constraints and process

- What is the time period within the Business plan imposed by the EFL?

The objective of the imposed business plan is to move the Club towards compliance for forthcoming reporting periods. We have not been given a concrete timescale.

- when is the disciplinary commission due to make a decision about sanctions and fines?

We are waiting to be informed when the Commission will meet.

- is investment in the facilities at St. Andrew's constrained by the imposed business plan?

The Club continues to operate as normally as it can under the imposed business plan.

Q3

We and other commentators have studied the club and BSH accounts and the EFL financial Fair Play rules. With the limited information available it appears that if the owners defray losses by increasing equity investment (perhaps converting current loans to Equity) then the level of losses could be kept within FFP limits and so remove many of the current EFL constraints. Have the Board

- considered this option or similar options?
- have they ruled it out - if so please outline the reasoning for this?
- are they planning to implement it - if so what is the timeframe?

The Board are looking at and weighing up all options to comply with P&S rules as we move forward.

Q4

When Trillion Trophy Asia bought Birmingham International Holdings, it was suggested that the real reason was because they wanted the Hong Kong Stock

Exchange listing. It was reported that the value of a shell with a primary exchange listing is worth about HK\$600 million. That's about £59m at today's exchange rates.

- did they just buy the club for the Stock Exchange listing?
- Are the Board now prepared to explain to the supporters, (the only long-term stakeholders and the people who will still be associated with Birmingham City long after the current owners have moved on) what their plans are for the ownership (or relinquishing ownership) into the future?
- how does infringing the FFP rules affect the timetable in achieving their objectives.

If you look at the investment in the Club over the TTA period, it equates to roughly the same amount/value as the HKSE listing.

TTA and the Board are passionate about the Club and remain determined for us to be successful in the future, with the ultimate target Premier League football.

The current situation in regard P&S is a hurdle to overcome.

Q5

Regarding the recent departures of three senior members of staff.

- What were the reasons for this?
- What are the plans for ensuring the club has the required knowledge and expertise to cover these senior staff management positions - especially the expertise to navigate through (or effect release from) an imposed business plan?

The reasons remain private and confidential as internal investigations are ongoing. Replacements with the necessary expertise have already been sourced, internally and externally. We cannot comment any further for legal reasons.

Q6

We are concerned that the clubs communication policy appears to be to maintain silence around issues that are important to many fans that want the best for the club. This forces fans to look elsewhere for information about their club and promotes a feeling that the messages we hear about fans being important are not sincere. Please will the club consider a more proactive and open communication policy that will encourage collaboration and understanding; rather than maintaining the silent or minimal comment approach which makes protest and questioning the only options for concerned fans.

The Club has always adopted a proactive and open policy. The Board want what's best for the Club too and supporters are of course very important to us. The lifeblood of any club. When there is something relevant and of substance

to announce, we announce it. There are some matters which have to remain private and confidential. The Club also has to be careful what it puts out in the open public domain as we are not privately owned, we are listed company. It is worth noting that in regard embargoes, the EFL normal policy is not to comment to confirm or deny or release detail and the received advice is for clubs to do the same.

Q7

We would appreciate a little more notice of Supporters Forums as attendance and questions need consideration and planning. Please would you give us at least two weeks and preferably four weeks' notice in future.

Blues Trust Board members repeat their offer to lead on Structured Dialogue with the club where sensitive issues can be discussed in detail in a confidential environment and agreed communications released that ensure fans are informed and involved whilst confidential and commercial matters remain just that.

Both noted. Thank you.
