

EXCLUSIVE
By Les Reid

FEARS that Coventry City could be close to going bust are growing – following a Telegraph investigation into owner Sisu's offshore business dealings in the Cayman Islands.

Our investigation has prompted Coventry City Council leader John Mutton to call on the football club's hedge fund owners to be fully "open and transparent" if it wants to lodge any serious bid for a half share of the Ricoh stadium and surrounding development land.

We investigated a business arrangement set up by Sisu in March, which appears to give first call on any of the football club's existing or future assets to a Cayman Islands operation – called Arvo Master Fund Ltd.

In response to our questioning, Sky Blues chief executive Tim Fisher said Arvo was now the investor in Coventry City Football Club which is propping up its finances.

The Arvo "debenture" examined by the Telegraph – effectively a mortgage arrangement – was lodged with Companies House in March 19 and lists assets as security against lending by Arvo – down to the last grass mower and gym equipment at the club's Ryton training ground.

Crucially, it also lists as "fixed security" any property the Sky Blues acquires in future.

Coun Mutton said our findings added to his concerns that, if Sisu was to acquire half of the Ricoh stadium company, it could be used to pay off Sisu and its investors – rather than supporting the struggling football club's finances.

Brendan Guilfoyle, a leading UK expert in football finance and an insolvency practitioner, claimed our findings alongside other recent developments all suggested Coventry City could soon be heading for administration – unless a Ricoh rescue deal is struck quickly.

But Coun Mutton has re-iterated the council is in no hurry, and would want to go through Sisu's business dealings, and any future business case, with "a fine-toothed comb".

Mr Guilfoyle, who has previously been appointed administrator for Leeds Utd, Crystal Palace, Luton Town and Plymouth Argyle, added: "Hedge funds are routinely domiciled in the Cayman Islands for the purposes of tax minimisation and to retain a higher level of confidentiality."

Coun Mutton said such concerns would be fully examined by the city council and its lawyers, in taxpayers' interests, "if Sisu were to put forward what looks like a viable business case".

On March 19, a company called Arvo Master Fund Ltd, based in Grand Cayman, Cayman Islands, registered debentures against the Sky Blues operating company and its holding company to secure amounts owed to it by the Sky Blues.

In response to our questions, Mr Fisher said Arvo Master Fund Ltd is part of Mayfair-based Sisu, and is "Sisu's hedge fund" investing £500,000 a month to meet the club's "funding gap".

It has prompted further speculation about whether UK-based private equity funds set up by Sisu to fund the football club still have investors putting money into them.

Mr Fisher last week played down the de-

debenture with Arvo – concern over which had been raised by some Coventry City fans on fans' websites – telling us: "It's normal business practice and just means that one Sisu company has call on assets of another Sisu company. If you didn't do that you'd need your head looking at."

While no further evidence is available of Arvo's business dealings or relationship with Sisu or the Sky Blues, Mr Guilfoyle questioned Mr Fisher's explanation – in particular the timing of the debenture, with the Sky Blues in deep financial trouble.

Mr Guilfoyle, of The P&A Partnership, said no such arrangements had previously appeared to be in place, and asked: "What assets does the football club have and why take security now?"

He said: "A debenture is like the mortgage on my house, I have borrowed money to buy my house and my mortgage lender has a charge on my house to secure my borrowings in case I don't repay my mortgage."

"The Sky Blues have undoubtedly borrowed money from Sisu, and they are now seeking to secure the loans on the assets of the club."

"The problem with that is there doesn't appear to be any significant assets in Coventry City Football Club."

Mr Guilfoyle went on to speculate that the debenture has been put there to enable Sisu to retain control in the event that the club is forced into administration.

He said "I think it may be a precautionary step to enable them to retain control in the event of the club going into administration."

This development together with the Sky Blues withholding rent on the Ricoh stadium for more than two months, and the club's failure to sign off and lodge its accounts – leading to a transfer embargo; has intensified speculation that administration may be inevitable.

There are increasing fears about the ability of Sisu to continue funding the football club.

Mr Guilfoyle said: "I hear anecdotally that the immediate funding requirement over the close season is nearly £3million."

It comes amid ongoing talks between Sisu and the Ricoh Arena company's owners – Coventry City Council and the Alan Edward Higgs Charity – about Sisu obtaining the Higgs charity's half-share in Arena Coventry Ltd to gain revenue for the deficit-hit club.



Sky Blues, the Islands and club is close to

SPECIAL INVESTIGATION

HOW COVENTRY CITY OWNER SET UP 'MORTGAGE' ON CLUB ASSETS RIGHT DOWN TO LAWN MOWERS AT TRAINING GROUND



TAX HAVEN: The Cayman Islands offer 'tax minimisation and a higher level of confidentiality' according to Mr Guilfoyle



QUESTIONS: Football finance expert Brendan Guilfoyle

Cayman fears that going bust

DEAL? Sisu wants to buy a half-share in the Ricoh



'We have concerns about Sisu's levels of transparency over the last five years'

THE COUNCIL VIEW

SISU'S off-shore activities would be fully investigated by Coventry City Council as part of any advanced stadium talks, pledged leader John Mutton.

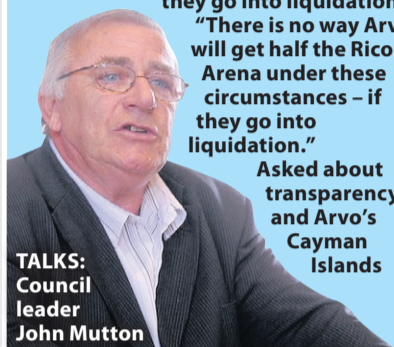
Of the debenture with Arvo, Coun Mutton said: "I don't know anything about it. But I've already said if - and I've made it clear it's a big if - we don't stand in the way of the Higgs charity shares being sold to Sisu, there would have to be a legal agreement so they that they couldn't use the Ricoh as collateral to get a loan.

"I would have to make certain that legal agreements were in place so that Arvo wouldn't get first call.

"The assets of the football club and Sisu are negligible - they don't own the ground, and the players' contracts would revert to the Football League if they go into liquidation.

"There is no way Arvo will get half the Ricoh Arena under these circumstances - if they go into liquidation."

Asked about transparency and Arvo's Cayman Islands



TALKS: Council leader John Mutton

location, Coun Mutton said: "We've got concerns anyway about Sisu's level of transparency over the last five years.

"I've said to them I expect them to be open and transparent with the fans, except for areas of commercial confidentiality."

He continued: "I am more concerned about what business case Sisu are going to put forward. If I see what looks like a viable business case, that's when we would go through it with a fine-toothed comb and go through Sisu's off-shore activities. The Higgs charity would first have to come to an agreement with Sisu. That's not a done deal.

"Then there is other criteria for the council that would have to be satisfied.

"The football club and Sisu have said they want it done quickly. But there is no timescale for the council."

Coun Mutton reiterated Sisu would have to table a detailed business case for investment in the stadium company (which only made £470,000 profit last year), the football club, and the surrounding development land earmarked for hotels and leisure activities to supplement the stadium's revenue from conferences, concerts and other activities.

'Sisu ploughs money into club every month'

QUESTIONED about the debenture and Arvo, Coventry City Football Club chief executive Tim Fisher said: "Every month, money is going into the football club. The money is put in from the Sisu hedge fund which is Arvo. Arvo put it in as debt.

"As a consequence it uses the assets of the company as security.

"It does not put in the money as equity. Why would you?"

He said questions about whether wealthy investors were still putting money into the four UK-based private equity funds first set up by Sisu for Coventry City would have to be addressed by Sisu.

Mr Fisher continued:

WHAT THE CLUB SAYS

"There is nothing dark or sinister about this.

"There is a funding gap every month. That funding gap is bridged every month by Sisu. The funding gap last month was north of £0.5million. They've put in £40million."

He said he or the football club as borrower could not speak for the lender, which is Sisu/Arvo.

Asked about concerns over transparency and a Cayman Islands hedge fund, he said: "On behalf of the football club, we're trying to be very open and transparent for all stakeholders."

Asked about the timescale

for any stadium deal with the council and Higgs charity, seen as crucial to the football club's immediate financial future, he said: "We are entirely focused on the transaction. We want to give the owners the requisite comfort to support us moving out of a transfer embargo.

"We have business to do this summer and we want to do it right now."



'WE HAVE BUSINESS TO DO': Sky Blues chief executive Tim Fisher

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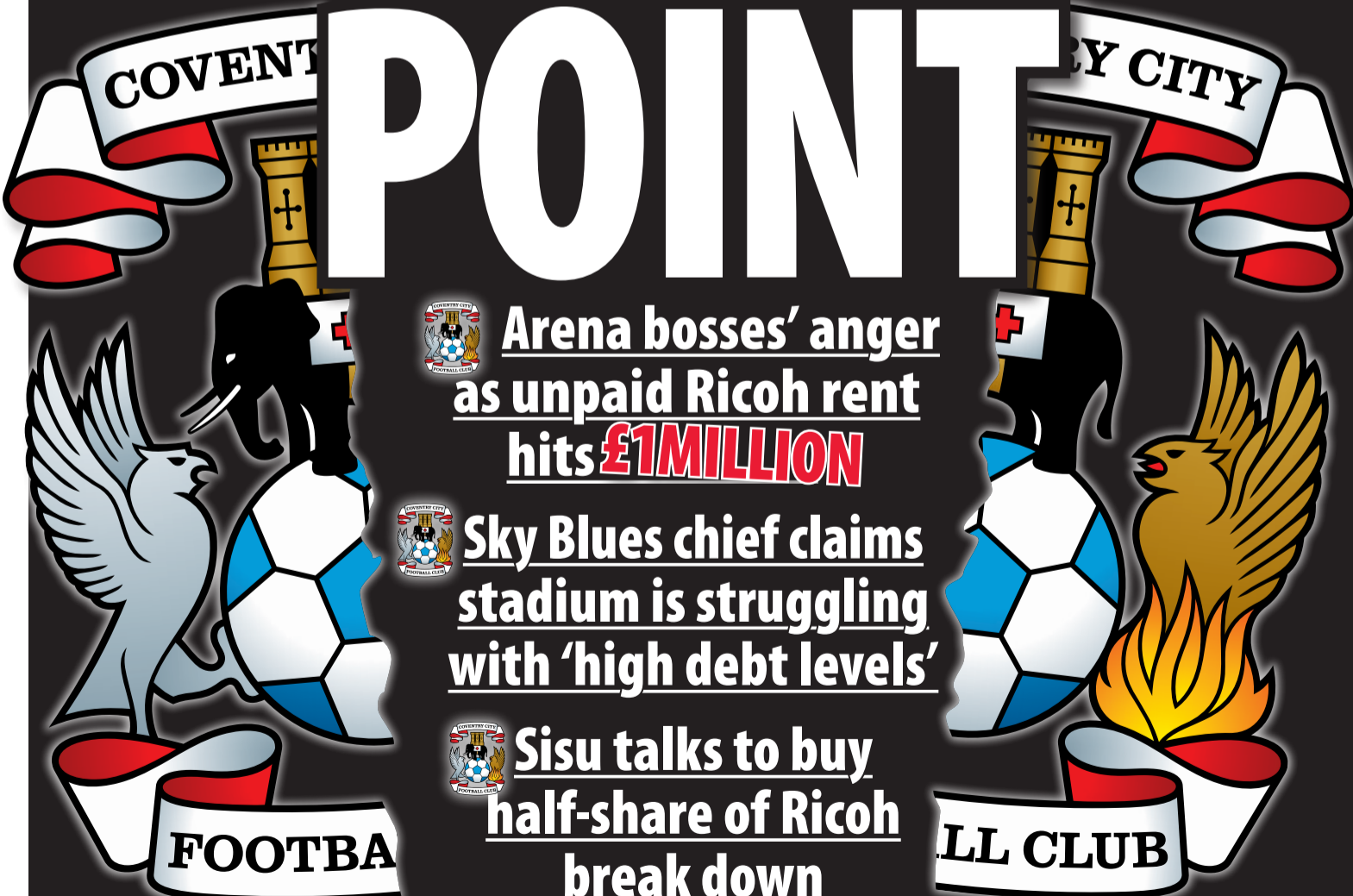
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BREAKING POINT

COVENTRY CITY FOOTBALL CLUB



Arena bosses' anger as unpaid Ricoh rent hits £1MILLION

Sky Blues chief claims stadium is struggling with 'high debt levels'

Sisu talks to buy half-share of Ricoh break down

TELEGRAPH EXCLUSIVE: SEE PAGE 3



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Exclusive

By Les Reid
POLITICAL REPORTER

CRUNCH talks over Coventry City's future have reached breaking point – with Ricoh Arena bosses calling the current situation “unacceptable”.

Stadium bosses Arena Coventry Ltd (ACL) have hit out as the club's unpaid Ricoh rent bill is about to reach £1million.

But Sky Blues chiefs have hit back amid growing tension between the club and the stadium.

Coventry City FC chief executive Tim Fisher, in a strongly-worded statement issued to the Telegraph, accused ACL of playing hardball because of its own “high debt levels”, and drops in stadium sponsorship and naming rights revenue.

ACL declined to comment on rumours its bank has called in external accountancy firm Deloitte to advise on restructuring its debts, due to financial difficulty and fears it will not be able to pay back a multi-million pound loan.

The football club has been refusing to pay rent since March, complaining it is too high. ACL now says the club's arrears are about to hit an “unacceptable” £1 million mark on Saturday.

It has also emerged months of negotiations have broken down over Sky Blues owner Sisu's bid to obtain a 50 per cent share in the stadium.

Coventry City Football Club, with multi-million pound annual losses, insists buying into the Ricoh Arena would be a vital lifeline for the future.

Confirmation of deadlock in sensitive negotiations over a lower rent arrangement – with the two sides seemingly nowhere near agreement – indicates hopes of any deal are now in crisis.

Mr Fisher accused ACL of pulling out of rent talks.

It follows this year's relegation to the third tier of English football, and months of speculation over the club's liquidation.

The High Court in August confirmed Arena Coventry Ltd (ACL) – owned equally by Coventry City Council and the Alan Edwards Higgs Charity – have a legal right to call in arrears over the current £100,000-a-month

The war of words crippling Sky Blues



SPEAKING OUT: Tim Fisher, Jacky Isaac and Peter Knatchbull-Hugessen

rent arrangement.

Jacky Isaac, ACL's interim chief executive, said: “The board of ACL has worked patiently with the club and its owners, the Mayfair-based hedge fund Sisu, for nine months, to attempt to resolve the rent arrears issue.

“During this time no payments have been received. By December 1 there will be

more than £1million in outstanding rent if no action is taken. That is unacceptable.

“The board of ACL is continuing discussions with Sisu to find a way in which the club can continue to operate on a sustainable basis.

“This must involve the payment of rent owed and the production by Sisu to the board of ACL of a workable business and financing

plan to safeguard the future of the club, a future that is important to the city of Coventry and its residents.”

Responding to questions about restructuring ACL's debt, she said: “The Ricoh Arena is a strong asset for Coventry, hosting a range of world-class business, entertainment and sports events throughout the year. The Olympics provided a huge

boost to the entire city this summer and we continue to attract leading acts to play at the Ricoh. We have just announced Muse, the upcoming Florence and the Machine concert is a sell-out and our Christmas parties are nearly at capacity.”

She also added: “The Board of ACL is continuing discussions with Sisu to find a way in which the club can continue to operate on a sustainable basis. This must involve it controlling all of its costs, and not blaming all of its financial problems on the stadium rent, which is only a small part of its overall difficulties.”

Meanwhile, Peter Knatchbull-Hugessen, clerk to the trustees of the Alan Edwards Higgs Charity, said talks had now stalled with Sisu over a deal for its 50 per cent stake in ACL. He said: “The charity has an obligation to maximise its assets and it must consider any serious offer for its stake in Arena Coventry Limited, subject to the agreement of an acceptable price and accompanying terms.

“Sisu has never provided these, and no discussions are taking place at this time.”

The story so far...

THE loss-making Sky Blues want to acquire the Higgs charity's half-stake in the Ricoh company – previously valued by some at around £10 million – to gain new income streams from commercial activities, including hotel and conference bookings.

Without its own stadium, the football club is struggling to survive on dwindling gate receipts and its own commercial activities.

The council and ACL want Sisu to provide a business plan not just for the Sky Blues, but for the land around the stadium earmarked for hotel and leisure redevelopment.

The council, since investing in 2003 to enable the Ricoh to be built, have earmarked the “leisure land” for development to bolster ACL's and the council's income, to the long-term benefit of city taxpayers.

A threat of administration or liquidation at the Sky Blues was alleviated in June – a month after relegation to English football's less lucrative League One – when Sisu boss Joy Seppala belatedly agreed to sign off the club's 2010/11 accounts showing a £6.7million loss, and underwrite any further losses this year.

We revealed in September the club had rejected an offer from ACL to halve the rent to £650,000-a-year.

Sky Blues' chief executive Mr Fisher instead mooted a figure “north of £100,000 or £150,000 a year.”

The club and Sisu claim the current £1.2million rent is far higher than the market rate, especially in League One.

Coventry City Council leader John Mutton is among those claiming any change in rent would not make a major impression on the club's multi-million pound losses. Most of the club's expenditure goes on players' wages, with the Sky Blues' revenue expected to be half last season's £11million.

Profits at ACL were £470,000 last year, and ACL bosses have claimed they would rise to around £1 million this year. No accounts have yet been filed for this year.

ACL also had a historic debt relating to a £21million bank “mortgage” loan originally taken out by the city council in 2003 to ensure the stadium was built. But a huge drop in rent would be a large hit – much larger without a football club playing at the stadium.



What Coventry City said...

TIM Fisher, chief executive of Coventry City Football Club, said: “Coventry City's long standing financial issues have been a result, in part, of having to pay levels of rent significantly higher than most football clubs whilst also not benefiting from stadium match day revenues such as food and beverage,

as other clubs which rent their stadia routinely do.

“The overall transaction with ACL was designed to address these problems which put Coventry City at a severe disadvantage compared to most other clubs.

“The club continues to pay match day costs, previously included within

the rent, in full on a match-by-match basis to ACL. On a full-year basis, this will exceed more than £200,000 – or double what a typical League One club pays in rent. We appreciate that ACL's financial position must be particularly fragile at the moment, especially given its very high debt levels, the recent withdrawal of

multiple stand sponsorships and the upcoming drop in naming rights revenue. However, the club remains committed to continuing our negotiations to put things on a normalised financial and business footing. Sisu continue to fund the club whilst these negotiations progress.”

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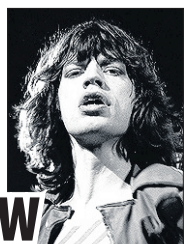
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AMAZON has been ordered to change the wording of its Prime membership programme after a watchdog ruled that a benefit of the £49-a-year service should not be described as "free".

Amazon's UK website stated: "Get your stuff fast. Unlimited Free One-Day Delivery on all eligible orders", while the right side of the page read: "Try Amazon Prime Free for one month: Unlimited Free One-Day Delivery... After your free trial, Amazon Prime is just £49/year."

One person complained that the description of the one-day delivery as free was misleading.

Amazon told the Advertising Standards Authority that Prime provided a number of benefits to its members at a "clearly indicated cost" of £49 a year.

Best short films on show in city

THE world's largest short film festival came to Coventry University yesterday.

Future Shorts showcases some of the best short films from around the world.

In the past year, screenings have been held in more than 540 cities in 178 countries, including Palestine and Romania, attracting a total audience of 75,000 people.

Films on show included A Brief History of John Baldessari and the BAFTA Scotland-nominated Rite.

The event was organised by students from the university's media production course.



Les Reid

INSIDE THE WORLD OF POLITICS

Worrying times for our city and football club

A DEAL over the part-council owned Ricoh Arena – which the Sky Blues insist is vital amid liquidation fears – now seems miles off, amid bitter wrangling.

Our exclusive yesterday revealed the two sides appear further apart than ever over renegotiating stadium rent, and over the loss-making football club's hedge fund/private equity owners Sisu acquiring half-ownership of the stadium.

The prospect of Arena Coventry Ltd itself now hitting serious cash-flow problems, or financial difficulties, raises further questions for council taxpayers.

Might the council ultimately have to consider stepping in financially if Yorkshire Bank lost confidence in ACL's ability to service its debt?

Sky Blues chief executive Tim Fisher accused ACL – owned by Coventry City Council and the Alan Edwards Higgs Charity – of placing unreasonable rent demands on the relegated Division One club due to other ACL financial difficulties, not simply because of the £100,000-a-month rent the club has refused to pay since March.

He alleged ACL was only refusing to go well below its offer of halving rent (to £650,000-a-year) because of its own difficulties paying the mortgage, and falls in stadium sponsorship and naming rights.

Separate rumours allege global accountancy firm Deloitte has been sent in to ACL by Yorkshire Bank to help restructure its debts, with



£15million of a £21million mortgage believed to be outstanding – amid fears ACL would not be able to pay it back.

We sought a response to that rumour from Weber Shandwick, the London-based PR giant hired by ACL to "crisis manage" media enquiries, including into the now stalled talks over Sisu acquiring the Higgs charity's 50 per cent share in ACL.

Some estimate the market rate for hiring Weber Shandwick at an unconfirmed £600-an-hour. Whatever, they don't come cheap.

A leaked email written by council leader John Mutton in September had stated hiring the PR firm was the idea of council chief executive Martin Reeves, who is also an ACL board member.

The council then told this column Weber Shandwick would only be employed by ACL, not the council – and city taxpayers' money would not

be spent. Yet no council figure has since been willing to comment on the ACL/Sky Blues talks – which have also involved them – beyond the ACL statements put out by Weber Shandwick, which council officers were aware of.

With money tight, what is ACL – a private company backed by expertise from council executives paid by the public purse – getting for its money from Weber Shandwick?

Not much, it would appear. So far, in response to press questions, it has forwarded on limited emailed ACL statements. Any advice to ACL would appear to be, 'Say as little as possible' – whether city taxpayers or Coventry City fans like it or not.

Asked specifically about the Deloitte/Yorkshire bank rumour, a statement we published yesterday referred to the Ricoh's business, concert and sporting successes including the Olympics. It also called on the club to "control its costs" and not "blame all its financial problems on stadium rent... a small part of its overall difficulties."

The proverbial "politicians' response" had ducked the specific question.

We responded by stating that, unless they commented further, we would add a line stating ACL had declined to comment specifically on the Deloitte/Yorkshire Bank rumour.

Weber Shandwick responded with a one-line email: "It would be completely untrue to say that we de-

clined to comment. We gave you our statement."

Is this all really value for money? There was a time when council officers would more readily be interviewed, not hide behind brief emails via PR officers/agents.

The Weber Shandwick response

“ The prospect of Arena Coventry Ltd hitting serious cashflow problems raises further questions for city taxpayers

does tell us something. As well as not denying the rumour, it tells us ACL will hit back at any potential attempt by the Sky Blues or Sisu to present ACL as being in the financially weaker position.

Some, including fans hostile to Sisu, construe it is all part of an attempt by a private equity firm to drive down a price on rent to around £200,000-a-year; and a price on a part-publicly owned stadium to tiny amounts. It is, after all, what private equity firms have been known to do when acquiring companies.

It seems talks are at breaking point – yet the stadium and Sky Blues still appear largely mutually dependent.

Worrying times indeed for the city and our football club.

Don't miss Les Reid's blog at www.coventrytelegraph.net

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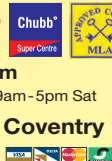
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SPECIAL COP'S SICK TEXTS TO TEENAGER

Judge describes grooming of 14-year-old as 'ugly and revolting'

By Sam Dimmer
CRIME REPORTER

AN AIR Training Corps sergeant tried to coax a 14-year-old girl into having sex with him by sending sick text messages.

Gareth Bradbury – also a special constable with Warwickshire Police – started off sending the girl messages complimenting the way she looked and saying he wanted to kiss her. But the messages got more sexual in nature with 28-year-old Bradbury saying: 'I want to undress you and touch you,' 'I want to have you in three positions,' and 'I am going to see you naked one day.'

He even sent the girl a topless picture of him and another of the lower half of a man's naked body.

Bradbury, of Wood Street, Bedworth, was arrested earlier this year.



TEXTS: Gareth Bradbury

Bradbury had pleaded guilty to inciting the girl to engage in sexual activity at an earlier hearing, but on Monday he escaped an immediate prison sentence – so probation officers can work with him to protect other girls from him in the future.

Bradbury was given a three-year community sentence with three years supervision and ordered to take part in a three-year sex offender group

work programme. He must also pay his victim £2,500 compensation.

Prosecutor Theresa Thorp told the Crown Court at Leamington the girl confided in her mother earlier this year. At first she laughed off the messages until they became more sinister.

When he was arrested Bradbury said the messages "could have been misinterpreted" and claimed the picture of the naked man wasn't him.

Sally Hancox, defending, said Bradbury is married with a 14-month-old daughter, and his wife 'is fully aware of all the ugly circumstances of her husband's behaviour.' He has been kicked out of his home after social services told him his baby would be removed from the premises if he didn't go.

Miss Hancox said: "The offending is ugly and it is unacceptable. Although there was no physical meeting, the na-

ture of the act discussed was penetrative sexual activity."

In a letter to Judge Alan Parker, Bradbury denied he was a predatory person and said he had gone through some difficult times.

But the judge said: "The whole letter is about you.

"You acted in an overtly predatory way towards a young girl.

"It was completely intentional, and it was persistent. It was ugly and revolting. What you intended, I have no doubt, was to groom this girl to have sexual intercourse with you.

"You were highly manipulative and predatory. I have to consider whether to send you to prison forthwith – and I would very much like to do so. But the very real risks that you are assessed as posing towards female children would not be addressed in a manner timely enough before your release."

Coventry Telegraph

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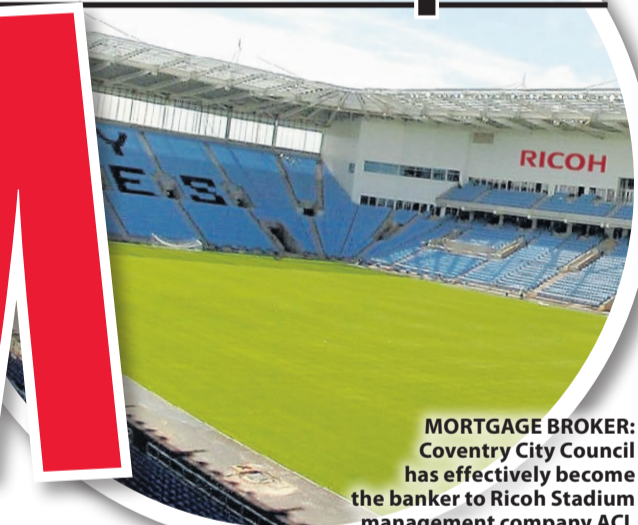


Kicking up a stink

FAMILIES FIGHT NEW CITY SEWAGE WORKS: PAGE 11

Council's mortgage bail-out stops threat of stadium sale at a knock-down price

£14M



MORTGAGE BROKER: Coventry City Council has effectively become the banker to Ricoh Stadium management company ACL

By Les Reid
POLITICAL REPORTER

COVENTRY City Council has approved a £14million rescue deal for the Ricoh Arena.

At a private meeting yesterday, the authority agreed to bail out ACL, the company which manages the stadium.

ACL has been in financial trouble because the Sky Blues owe it

more than £1million in unpaid rent.

The council has done an unprecedented deal with Yorkshire Bank, which will see the authority pay off ACL's mortgage and effectively act as 'banker' to the stadium company.

That removes any threat of administration to ACL, and could in turn pave the way for further negotiations on the level of rent the football club pays.

It also stops any potential cut-price sell-off of the stadium to any other parties.

Council leader John Mutton said: "There is no net cost to the council - this is a commercial arrangement that will provide a modest surplus to plough back into services and jobs."

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By Les Reid
POLITICAL REPORTER

COVENTRY City Council has agreed a dramatic new £14 million plan to financially prop up the Ricoh stadium company amid an ongoing dispute with the Sky Blues.

Leading councillors said they are intervening with a new loan arrangement to safeguard "a publicly funded asset" and protect Arena Coventry Ltd, the company owned by the council and the Alan Edward Higgs Charity.

ACL has been affected by Coventry City Football Club's refusal to pay over £1million in rent since March last year – now the subject of legal wrangling.

There had been speculation that Yorkshire Bank – which provided funding for the development of the stadium with a £21 million mortgage – was considering calling in the debt because of the uncertainty over the rent issue.

This could have left the door open for Sky Blues' hedge fund owners Sisu to buy the Ricoh at a knock-down price.

A full council meeting yesterday afternoon unanimously approved the plan in private business – with no discussion in public – for reasons of "commercial confidentiality".

The unprecedented and historic move saw the council pay off the outstanding mortgage with Yorkshire Bank – thought to have been the majority of the £21 million – with the council effectively becoming ACL's bank, according to council leader John Mutton.

ACL will pay back the council in instalments over a longer period at lower interest rates.

The council identified £14m in unspent money from council balances. It will later borrow the money itself, at an undisclosed date.

The stadium could be used as security to protect the tax payer from any default by ACL on loan repayment. But the council claims the deal will bring a "net surplus to council taxpayers".

Council leaders say they want to safeguard what is a "publicly funded asset", designed to bolster the Coventry economy and create jobs.

In a statement issued to the Telegraph, council leader John Mutton said: "We're now effectively acting as a banker to ACL, which will see the council pay off the current loan arrangements with its current lender the Yorkshire Bank.

"There is no net cost to the council – this is a commercial arrangement that will provide a modest surplus to plough back into services and jobs.

"This loan is not about putting money into the football club – no cash is being put into CCFC by the council; this would be unlawful and inappropriate.

"We're working with ACL and ACL's bankers to restructure ACL's loans over a longer period, so it can provide a solid business platform now the club has been relegated to League One, although of course we all hope we will soon be moving back to the



GAME
Council's dramatic £14million intervention to safeguard city stadium

Championship. As a result, the interest that ACL now pays on its loan will go to the council, some of it helping to support jobs and services, rather than to the bank.

"It's up to ACL and the club now to find a way forward on the rent issue; we know that ACL is totally committed to doing this, and we hope the club's owners will be committed to doing so too."

Coventry City fans' groups, and Conservative councillor John Blundell, have publicly stated in recent months that Sky Blues owners Sisu's refusal to pay its monthly £100,000 rent could potentially push ACL into administration.

Were ACL to go into administration, the stadium could potentially be sold at a lower market rate.

Coventry City Football Club chief executive Tim Fisher

recently publicly speculated ACL could be heading for administration. He blamed other ACL financial pressures including loss of income from stadium sponsorship and naming rights.

He and Sisu have insisted the £1.2million annual rent is too high, and were last year in aborted discussions to lower it and for the club to buy at least a half stake in the stadium.

ACL's most recently filed accounts last year showed profits of £470,000.

The loss-making football club, relegated last summer, has long maintained acquiring revenues from the stadium is vital to its future.

Coun Mutton's statement added: "We have taken a decision that will benefit city taxpayers and secure the future of one of our most important and best loved public

assets that brings great benefits to Coventry people.

"Not many councils would have done what we've done, but I've always believed that councils can – and should – be prepared to take bold and radical decisions when that is the right thing to do."

He said Labour councillors have never regretted a council decision in 2003 to enable the stadium to be built by taking out a loan.

He cited securing Olympic football and showcase concerts including by home city legends The Specials as "great experiences", with more to come.

Councillor Lynnette Kelly, cabinet member for city development, said: "The council is playing a facilitating role, assisting Arena Coventry Ltd to stabilise and prosper in the future, but without subsidising either ACL or

CHANGER

The council statement in full

THOSE of us who were there will never forget the long night in late 2003 when councillors debated the proposal to build a new arena for the city; a bold and ambitious scheme to create a new ground for our football club, conference facilities and retail development that would create thousands of jobs and regenerate one of the most deprived parts of Coventry.

Nearly a decade on we found ourselves once again debating the issue. This time there has been no disagreement amongst councillors about the next steps we needed to take in order to safeguard the Ricoh Arena. This time, though, we had to take the decision in private – because of the commercial confidentiality around the detail of the issue we were discussing.

But this is such an important decision it's vital that the readers of the Coventry Telegraph, and the people of Coventry understand what we discussed, and why. We have taken a decision that will benefit city taxpayers and secure the future of one of our most important and best loved public assets that brings great benefits to Coventry people. Not many councils would have done what we've done, but councils can – and should – be prepared to take bold and radical decisions when they are the right thing to do.

We operate in an environment where we work honestly and transparently, and we want to work in partnership with people and organisations who care about the place they're in, and the future of that place. So the past few years have been difficult for us as we've tried to find a way forward for the football club and the Ricoh Arena.

The deal we've done makes commercial sense for the Council, the bank, for Arena Coventry Limited and – ultimately, we hope – for the football club. The decision, supported by all councillors, will help ACL to stabilise and prosper in the future, but without subsidising either ACL or CCFC from public funds, which would be irresponsible and inappropriate in the current economic climate.

We're now effectively acting as a banker to



JOINT STATEMENT: Coun John Mutton and Coun Lynnette Kelly

ACL, which will see the Council pay off the current loan arrangements with its current lender the Yorkshire Bank. There is no net cost to the Council – this is a commercial arrangement that will provide a modest surplus to plough back into services and jobs.

This loan is not about putting money into the football club; no cash is being put into CCFC by the Council; this would be unlawful and inappropriate. We've worked with ACL and ACL's bankers to restructure ACL's loan over a longer period, so it can provide a solid business platform now the club has been relegated to League One (although, of course, we all hope we will soon be moving back to the Championship).

As a result, the interest that ACL now pays on its loan will go to the Council, some of it helping to support jobs and services, the remainder helping to service the loan rather than to the bank. It's up to ACL and the club now to find a way forward on the rent issue; we know that ACL is totally committed to doing this, and we hope the club's owners will be committed to doing so, too.

There has never been a day where we've regretted the decision we took in 2003. We've all had great experiences at the Ricoh; seeing the stadium packed with people from all over the world to enjoy Olympics football, watching The Specials perform in their home city and many more. There's more of this to come; the Council has been bold enough and brave enough to ensure a bright future for such a wonderful asset for the city and its people.

Because of the Ricoh, Coventry people have been able to enjoy Olympics football and Heineken Cup Rugby in their home city. They've been able to see world class acts like Take That, Oasis, The Specials, Kings of Leon, Coldplay, Florence and the Machine – all this would have been unthinkable just ten years ago. It is right for Coventry, and it is right that the Council intervenes to protect this asset for the future.

Coun John Mutton, Leader,
Coventry City Council
Coun Lynnette Kelly, Cabinet Member
for City Development

CCFC from public funds, which would be irresponsible and inappropriate in the current economic climate."

The Tory group of 11 opposition councillors voted unanimously to back the deal. Group leader Kevin Foster said that it was now time for SISU to constructively negotiate CCFC's future.

He said: "It is clear that something radical needed to happen to put ACL onto a firm financial footing for the future.

"Over the last year we had been calling on the city council to take action and be more open about moves being made to secure its future, as well as the council's shareholding in it.

"This included the city council being realistic about the need for a cut in the rental payments from CCFC. Yet

we also believe that SISU should not be rewarded for simply refusing to pay any rent and backed legal action by ACL intended to force them into paying up.

"I hope today marks a new start for the Ricoh and CCFC, it is now time for SISU to engage constructively about the future."

ACL is jointly owned by the Alan Edward Higgs Charity and Coventry City Council, which owns the stadium freehold, and land around it long earmarked for a revenue-spinning hotel and leisure complex.

ACL last month secured a "statutory demand" against the Sky Blues that it must pay £1.1million of unpaid rent in full.

A 21-day deadline attached to the statutory demand has now expired. It could have enabled ACL to apply to the

courts for a winding up order against Coventry City Football Club.

Mr Fisher recently pledged Sisu would step in to prevent the club being liquidated. In November ACL proposed a package of lowering the rent to £400,000, allowing the club to pay back rent arrears over 10 years, and the club taking some matchday stadium revenue.

The club claimed that rent offer was still too high, saying the average Division One rent was £170,000 – close to the £250,000 it claimed it was continuing to pay to cover some matchday costs.

Talks also collapsed between Sisu and the Alan Edward Higgs Charity over the club obtaining its 50 per cent shares in ACL.

■ The football club was unavailable for comment

WHAT HIGGS CHARITY SAID:

PETER Knatchbull Hutcherson, of the Alan Edward Higgs Charity, said:

"The agreement gives ACL's already strong business even more stability. It means that the board of directors can plan for the long term with more confidence than ever.

"This is a decisive move by the council to secure the long-term future of the Ricoh Arena as an asset for the city of Coventry.

"CCFC, under the ownership of Joy Seppala and her Sisu staff including Tim Fisher, has a legal obligation to pay its stadium rent.

"The board of ACL has already issued a statutory demand for payment, the deadline for which has long since passed, and is now looking at its legal options.

"These legal options include petitioning the courts to grant an order to wind up CCFC and starting off the process of placing the club into compulsory liquidation.

"Nobody wants this to be the outcome, but the clock is ticking and now is the time when Joy Seppala and her colleagues need finally to take responsibility for their actions, pay the rent which is lawfully owed, and come to the table with the board of ACL to present a realistic business and financing plan which will safeguard the future of CCFC.

"My appeal to Sisu is therefore a simple one; please come and have a sensible conversation. And please stop trying to blame all the club's financial problems on the stadium rent, while drawing misleading and inaccurate comparisons between the rent paid by CCFC and that paid by other League One clubs, none of whom enjoy the benefits of a facility comparable to the Ricoh Arena.

"The (charity's) trustees are proud to be part of ACL and we're committed to the Arena for as long as it takes. We won't be bullied or harassed by anyone trying to take our share in the business for less than its true value. But, if any third party makes a sensible and realistic offer, then we will of course give it the consideration it merits."

WHAT ACL SAID:

AN ACL spokesperson said:

"We are very pleased that Coventry City councillors have made this decision.

"For ACL, it will help provide greater long term financial stability and certainty to our business - which has a proven track record of attracting inward investment and driving regeneration in the city of Coventry.

"But the ACL board also believes that it will benefit the council taxpayers of Coventry by strengthening an asset which will generate income for the city for many years to come.

"This decision is good news for the Ricoh Arena and good news for the great City of Coventry. We now hope that CCFC's owners – the Mayfair based hedge fund Sisu – will take this opportunity to engage with us properly to resolve the rent dispute.

"We also hope that they will present to the Board of ACL a workable financial and business plan which will put CCFC on a secure and proper financial footing for the long term."

WHAT THE FANS SAID:

THE Telegraph broke the story exclusively on our website minutes after the deal had been done yesterday. The news spread like wildfire with people taking to Facebook and Twitter to comment.

Here's a selection of comments made on www.coventrytelegraph.net:

One reader using the name 'Vcitor Meldrew' said: "Smart move - game over for Sisu, I would say. Just go now."

But Sky_Blue_1982 said: "SISU will not bow to the demands and will cut their losses. They are now in a position to lump all of the blame on to the council now for doing what they have announced (this

afternoon). We will be in admin before the season ends. There is no knight in shining armour out there!"

LawfordSB said: "That was a move I was not expecting, but seems to weaken Sisu's position on the stadium."

Binley Bill said: "Seems to me that this could leave both ACL and Sisu with even less incentive to get things resolved though it could mean that ACL can now concentrate on getting SISU to stump up or else."

Proud2becov said: "If the only alternative was a knock-down sale of the Ricoh, due to the collapse of ACL, I for one applaud the council's action."

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Coventry Telegraph

THURSDAY, MARCH 14, 2013

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Car luck!

St★rstruck!
YOUR pics with famous faces: PAGES 8&9

Gran finale as Maria, 84, wins our Fiat 500: SEE PAGE 3

City stuck!

Leon out for the season: BACK PAGE

SKY BLUES COULD BE SET FOR TAKEOVER

Investors circling as club moves closer to administration

By Les Reid
POLITICAL REPORTER

SKY BLUES could soon have new owners after a dramatic legal move by the Ricoh Arena edged the club closer to administration.

Yesterday stadium owners ACL applied for an administration order at the High Court after failing to reach an agreement with the club's owners Sisu over more than £1.3m in unpaid rent. If an administrator was

appointed it could look to sell the club and ACL admitted that there may already be "interested" parties amid rumours that potential investors have already visited the stadium.

FULL STORY: PAGE 2

AND JOBS
Pages of new opportunities

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In the news today

Coachloads of French pupils struck down by bug **PAGE 5**

City teacher shortlisted for top education award **PAGE 7**

Watchdogs blitz stores in horsemeat crackdown **PAGE 12**

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National news & weather **PAGE 6**

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In sympathy **PAGE 48**

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Wednesday's Lotto numbers **Bonus**

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HIGH COURT BID TO PUT SKY BLUES IN ADMINISTRATION

EXCLUSIVE

By Les Reid

POLITICAL REPORTER

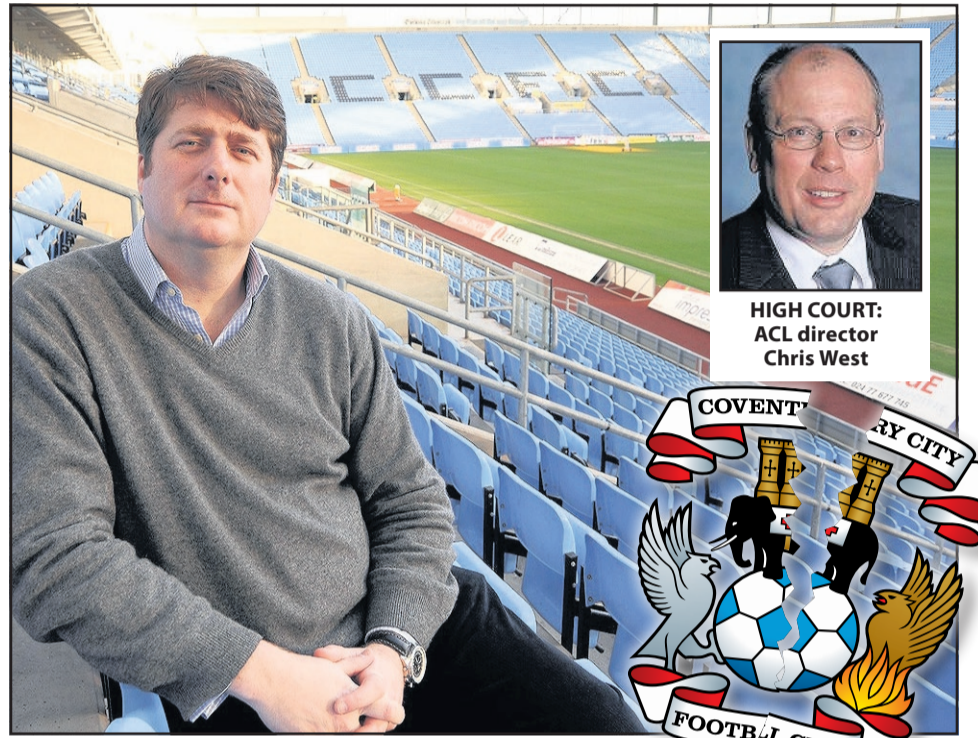
THE RICOH Arena company has begun dramatic High Court moves to place Coventry City Football Club into administration – and enable a takeover at the Sky Blues.

Arena Coventry Limited says it could pave the way for new buyers for the club, forcing out Mayfair-based hedge fund owners Sisu.

It could also mean a Football League ten-point deduction for the Division One club, scuppering hopes of reaching the play-offs and promotion this season.

ACL director Chris West, who is also Coventry City Council's finance director, told the Telegraph: "We believe there are other parties out there that could be interested."

The Telegraph had questioned him over rumours one potential player in any takeover bid – city businessman and former club director Joe Elliott – had been



LIQUIDATION THREAT: Coventry City FC chief executive Tim Fisher

■ Dramatic move could pave the way for new investors : **■ Rumours of American group given tour of the Ricoh Arena** : **■ Sky Blues set to lose 10 points and end hopes of promotion**

spotted with American businessmen at the Sky Blues home game with Colchester United on Tuesday night.

The potential American investors were also rumoured to have been given a tour of the Ricoh last week by ACL interim chief executive Jacky Isaac.

Arena Coventry Limited – joint owned by Coventry City Council and the Alan Edward Higgs Charity – today applied to the High Court for an administration order.

The application relates to CCFC's failure to pay ACL £1.3million over the last year in rent for using the stadium.

ACL said the application means a High Court judge will consider "in the coming weeks" placing the club into administration, if it is deemed unfit to continue trading.

That is the expected outcome, as Sky Blues chief executive Tim Fisher in the last week has said himself the club could be heading for administration and insolvent liquidation.

Mr Fisher had also mooted the prospect of Sisu build-

ing a new stadium and leaving the Ricoh. ACL said an administrator would then be appointed to potentially sell CCFC to a buyer who would be able to restore financial stability to the club.

ACL said today's High Court action provides an interim period in which Sisu – the club's main creditor which claims to have invested £60million in the loss-making club – would not be able to wind up or liquidate the club.

Lawyer James Powell, acting for ACL, said liquidation could involve the club falling many tiers down the football pyramid, as happened with Glasgow Rangers.

Mr West said administration with a ten-point deduction this season, rather than next season, would be preferable. He added: "We're doing this as (ACL) company directors to protect the interests of the company. We want to preserve the Sky Blues, and the Sky Blues playing at the Ricoh Arena."

"One of the advantages of this legal action is it prevents the club being liquidated. "Tim Fisher has openly

said this week the club is at a 'tipping point and insolvent liquidation cannot be reasonably avoided'. "It gives us the best possible chance for whoever to come in and restabilise the club in the interests of ACL, the football club and the city."

Had we not taken this action, then the alternative might have been catastrophic for CCFC – **ACL chairman Nicholas Carter**

the survival of the Sky Blues.

"We are, of course, well aware that under the current Football League regulations, CCFC will face a points deduction and we will do everything we can to ensure that the case is heard by the High Court before the end of the current season."

"While this opens up the possibility of a ten-point deduction this season, the board believes this is better than leaving CCFC facing a much larger deduction at the start of next season."

ACL said its legal action followed the recent collapse of talks between ACL and Sisu over £1.3million rent arrears, and future match-day revenue from the stadium which the club says is vital to its future.

ACL accuses Sky Blues directors of reneging on a verbal agreement on January 29 over a deal which would lower the annual rent to £400,000, plus other match-day financial incentives on food and drink sales.

Mr Fisher denies the charge, and claims the club had been awaiting further information on food and drink arrangements.