

Notes from the CFU Abbey Buy Back Meeting held on 15th March 2010 at the Cambridge United Supporters Club, Cambridge.

The meeting opened at 8pm, the "top" table consisted of:

Dave Matthew-Jones (CFU Chairman), Robert Osbourn (CFU Vice Chairman), Colin Proctor (Fans Elected Director), Mark Stuart-Wood (CFU Trust Board Member), Terry Wilby (CFU Secretary taking notes).

There were around 70 people in the audience.

Robert started the meeting by reading a statement from Paul Barry:

"The Board of Cambridge United wishes to thank CFU for its on-going efforts to try to buy the leasehold of the R Costings Abbey Stadium. The Stadium was sold to Bideawhile back in 2004 as the Club sought to avoid going into administration. Bideawhile now are in contract to sell the freehold to Grosvenor Developments but, under the terms of the original sale, the Club has the opportunity to match the Grosvenor offer of £3.5 million plus VAT and stamp duty.

Full details of the CFU initiative are due to be published imminently, but it is known to involve the creation of a Community Interest Company (CIC). Fans and other investors will be able to buy shares in the CIC to fund the purchase of the ground through a loan to the club. The CIC would effectively control the ground and then rent it back to the Club providing a competitive return for investors, but at the same time saving the Club a six figure sum in rent payments each year.

This football club is blessed with some of the most loyal and imaginative fans in the country.

Manchester United and its Red Knights may be wealthier but they do not have the monopoly on a resolute and a resourceful fanbase. The Board has supported CFU since it was formed over 10 years ago, and we are appreciative of the work they are doing to try to raise the funds needed to buy the freehold of the R Costings Abbey Stadium.

The Club looks forward to working with our new landlords, whomever that may be, but clearly would welcome any development that allows us to focus more funds on the playing side of the business.

Whilst in the past the Club has been in a position to discuss with Bideawhile concerning buying back the Stadium, at this present time the funds are simply not available to us. With time being short on the option, I hope for a positive outcome that will put the club on a stronger financial footing."

Barry said he understands that anyone, including the directors of the Football Club, would be free to invest in the CIC as individuals, but that the Club itself would not look to buy shares

Reason for the meeting:

To buy the stadium back.

The stadium was sold in 2004 for £1.9M to avoid the club going into administration with an annual rent of £200k.

The contract included a Pre-Emption clause, this allowed the club to buy the ground back if it could match an existing offer.

There is only 20 working days to get the money, and a lot of financial legalities to be considered.

Questions would be answered whenever possible.

Dave MJ thanked everyone for the tremendous response to the appeal

CFU heard of the opportunity when the news broke a couple of weeks ago, the cost is £3.5M +VAT + Stamp Duty. Donations and bucket shaking would not get anywhere near the sum needed. The general idea is to offer shares in a new company, however none of the people were FSA approved, so details had to be general.

A Community Interest Company (CIC) had been considered the best option to "lock in" the asset to protect it.

Bates/Wells/Braithwaite are experts in setting up a CIC, it takes 6 weeks to set up and FSA approval is needed. A PLC is being considered which can be set up in a few days, maybe a CIC would be set up later.

Time is short, and lots of money is needed. Over 600 people had registered an interest in a possible scheme, and pledges were around £700k, which is a fantastic response. 2 or 3 large investors are needed. Mark SW has been working full time on this for the past 2 weeks.

£350k deposit has to be put down within the 20 days, and the remainder paid within a further 20 days, or the deposit is lost.

It is a big task with lots of work, but CFU were not going to sit by and do nothing.

Mark SW continued with the work that was being done and the options that financial experts had suggested:

1. Buy the ground with stamp duty and VAT,
2. Buy Bideawhile,
3. Buy CUFC, use the cash to buy Bideawhile

Without wanting to fall foul of any FSA rules, the target was to offer investors a return better than the current ISAs, the return being related to the rent from the football club.

A CIC can only use 35% of profits for investors; this would be around 1.75% which would not be a good enough return.

Current thinking is to set up a PLC which can offer an acceptable return to investors and a reasonable rent for the CUFC.

Kevin Robson: The money would be an investment in the ground/land, not CUFC.

Colin: There had been a pledge of £250k, Reg Smart had also pledged some money which took the total pledged over the £1M mark.

Q: ISA rates are around 3.5% then drop after a year to a much lower value.

A: The aim is to be better than 3.5% every year. It should be remembered that if savings rates rise the return may not look so good.

Q: It is an emotive subject "playing with children's inheritance". Why a CIC or PLC?

A: A CIC cannot give an attractive return being limited to 35% of profit. A PLC can pay out more to investors.

Q: The yield may not be so important, how can an investor liberate funds?

A: Shares would be limited to 3,700. An investor would have to find someone else willing to buy their share at an acceptable price. The PLC is a vehicle to give the best option.

Q: Who pays for work or repairs on the ground?

A: Currently the club is responsible for all repairs etc, this would stay the same.

Q: What is to stop Bideawhile buying in and controlling the company?

A: There may be a shares limit, and there are other ways of preventing that happening. A proper prospectus would have to be produced that would answer that type of question. A Commercial Barrister (a CUFC fan) is helping, it would be no use setting something up that fails later.

Q: What happens to the £350k deposit if the rest of the money is not available?

A: The money is lost. We need to be sure the rest of the money is available before committing the £350k.

Q: Would we be buying the leasehold or freehold?

A: Freehold. CUFC leases the rights from the freeholder.

Q: Why is buying Bideawhile an option?

A: Bideawhile was set up to own the ground, nothing else.

Q: What about a partnership with Grosvenor?

A: A meeting with Grosvenor is planned for later in the week. Grosvenor appear to be a good landlord.

Q: How long does it take for FSA approval?

A: We have to find the deposit in advance of setting up a company, which can take as little as 48 hours, getting FSA approval takes much longer.

Q: Has there been a recent valuation of the land?

A: The value of the land means the scheme is commercially viable.

Q: Can VAT be reclaimed?

A: We believe so.

Q: How are Bideawhile being approached, in a friendly or legal way?

A: In a friendly manner but legally. Bideawhile will be approached to ask for a time extension.

Q: What is the long term goal?

A: To get the club to a strong financial position. A CIC would have objectives for the welfare of the club and the community, a PLC would have similar objectives. Investment from people outside of football shows it is a good investment.

Q: Why was there interest from Grosvenor?

A: Others were interested in buying the ground. Grosvenor own lots of places around Cambridge including the development at Trumpington which has no sporting plans. Grosvenor could be a good partner for the club for a new stadium.

Q: The Paul Barry statement said the club would not be investing, but a Director could.

A: Names are not being put against pledges at this time, but any Director could invest.

Renford Sargent commented that the Directors had to put money into the club this week to keep it going, they give their time too. The club is probably in its best shape for many years with a stable Board. Grosvenor would probably be a better landlord than the present landlord.

Q: What moves have been made to quantify the pledges?

A: Assumed 1 share unless other values have been offered. Some have offered £2k, 5k or 10K.

Q: What influence will the fans have in the new company?

A: The constitution of the company will allow investors a voice.

Q: Why is the club running out of money?

A: The Directors are putting in some money, the aim is for income to cover expenditure.

Q: Concern on the return: to keep interest the rent may have to rise.

A: Work to use other revenue streams. The asset is the land which should increase in value

Q: We are here to help the club, not help Grosvenor move the football club.

A: If the option to leave is what the club wants then the club will make that decision. Many fans want to stay at the Abbey.

Q: Will the share value go up?

A: Shares are worth what someone will pay, the value may go down or up.

Q: If we get the £350k is it worth speaking to Grosvenor?

A: There may be an opportunity for Grosvenor to invest, so they are worth speaking to.

Q: Will there be another buy-back chance?

A: Unlikely.

Q: In the Bidewhile contract are the Club and the fans the same?

A: The club is the leaseholder, and would have to assign the lease.

Closing comments:

The ground was sold cheaply.

Being realistic the club will have to move at some time, so will have to work with a developer.

The club will be the club wherever it is as long as it survives.

CFU will continue the hard work.

The meeting closed at 9:30pm.