

ASK LOFT

Questions submitted in March 2017

Questions have been grouped together where appropriate – **Answers are in red from the LOFT Board**

<p>Question: Have you any contact with the people who want to buy the club and they had reply yet from the club ?</p> <p>Question: My main question is, can LOFT confirm for sure there are interested parties wanting to buy the club as this has never been confirmed</p> <p>Question: Do we know for sure that FB is refusing to respond to purchase enquiries?</p>
<p>Answer: Francesco Becchetti has not engaged with us so we cannot be certain, but we are aware of at least one serious approach to buy the club from him.</p> <p>We stand ready to work with any potential bidder for the benefit of the club, in general we will of course respect any confidentiality.</p>
<p>Question If FB defaults payment on say 1 or 2 creditors they owe money to what happens then?</p>
<p>Answer: A 'default' is a specific term referring to a payment obligation such as a loan. If you mean what happens if the club doesn't pay the bills generally, then that has already happened; we are aware of more creditors than those revealed in court on 20 March, with total debt owed of a significant six-figure sum.</p> <p>A winding-up petition like the one brought by HMRC is one of a number of remedies available to an unpaid creditor, others include a possible statutory demand which would place a different burden on the court at the next hearing due on 12 June – the court would then have to consider the strong likelihood that the club is unable pay its bills.</p>
<p>Question Great work and much appreciated. What is the aim at this point with the superb amount of money raised??</p> <p>Question: "If this all has a happy ending(pray for that) e.g. a new owner comes in, what will happen to the money in the regen fund?"</p>
<p>Answer: The fund proposal on our website covers both of these questions.</p>

<p>The aim for the fund is to use it in one of three possible scenarios to help secure a better future for the club; negotiated sale of the club to a new owner with involvement by LOFT (say, as part of a consortium); administration; liquidation. Each of these scenarios remains a possibility.</p> <p>As agreed by LOFT's members when voting to set up the fund, LOFT's Board will review the fund annually to consider if the fund is still required, and if it decides not then those who've donated £100+ (or £20+ per month) will be offered a chance to reclaim their donation less any processing fees (if donated via PayPal or GoFundMe). Any residual fund would then be retained as an 'insurance policy' in case of any future club crisis.</p>
<p>Question: If FB sells without Administration, will LOFT be able to negotiate buying a stake in the club in return for a democratically elected representative on the new board? Could money raised through the regeneration fund be used to this end?</p>
<p>Answer: This is something we would seek to discuss with any new owner – it is one of the possibilities envisaged under the 'negotiated sale of the club' scenario.</p>
<p>Question: IMO , It is unlikely a Phoenix situation will arise. I think some of the funds raised should be used for:</p> <ol style="list-style-type: none"> 1. lobbying the Mayor of London, FA and EFL to get their act in order and put in some controls to prevent this scenario happening again. 2. Work with potential new investors to develop a business plan and prospectus raise to sufficient investment to ensure the club is sufficiently funded to restore league status in year 1. 3. Invest in a LOFC community project . <p>Are these points feasible</p>
<p>Answer: LOFT's Board does not think it appropriate to pay for lobbying, especially when we have proven to be an effective lobbying force at a local government and parliamentary level. Such lobbying would also be better undertaken with our fellow supporters' trusts in co-ordination and with umbrella groups such as Supporters Direct and the Football Supporters' Federation – both areas in which LOFT is active.</p> <p>We prefer not to use donations or membership monies to pay professional fees, not least because, in our view, we have the expertise needed for all our requirements from among members and Orient fans generally, who have been kind enough to give their time for free.</p> <p>Further, we do not think it would be honest or transparent to use the fund for purposes which weren't included in the original fund proposal voted on by our members.</p> <p>We would seek to use the fund as part of an ownership plan, but an official</p>

<p>prospectus is something that is normally linked to an official public share offering and there is no prospect of the club going public. In any case, we would be reluctant to spend money on doing this for the reasons given above with respect to professional fees.</p>
<p>Question: The club's latest set of accounts, from the year ending 30 June 2015, showed the club had debts of £5,512,449 - more than the value of the club's assets of £5.5m. my question is who going to pay it off ? and that's not including 1 million</p> <p>Question: The talk of debts owed does not seem to include money put into the club by him, his family or his other businesses. Is LOFC still liable for those debts and would he be able to recover them any way other than selling the club?</p>
<p>Answer: The debt figure as at 30 June 2015 represents loans from the holding company to the football club. This figure has no doubt increased since then. The assets are presumably an assigned value of the remaining contracts for playing staff at the time, since a fee could be received from another club for contracted players. The reality since then of course is that, apart from Jay Simpson, no transfer fees are known to have been received for players.</p> <p>The club is still liable to repay those loans, but in practice it's a paper number that the club can never repay and would only form part of a negotiation as to price if and when Becchetti sells. The loans would be a significant issue in the event of an administration, not least because they would give the current owner a stake in the outcome.</p>
<p>Question: Could the people who answer here [on Facebook] on behalf of LOFT put their names behind their answer? might be easier to refer to a specific post then later on. Thx for you top job anyway, best from berlin.</p>
<p>Answer: As a rule we post collectively from LOFT on Twitter and Facebook, as the Board operates on a basis of collective responsibility. Also, from a practical point, more than one person may be involved in answering a question.</p>
<p>Question: There was talk of another HMRC order. Has that happened and would we even know if it did?</p>
<p>Answer: To answer that in reverse, we would know the moment it was published in the London Gazette. The first one was presented on 2 February but only published in the Gazette on 1 March – so it is entirely possible that one has already been issued but is yet to be published. It is impossible to know for certain, since HMRC do not 'pre-announce' petitions and by law cannot make known the tax affairs of individuals or companies.</p>
<p>Question: There was talk of one creditor arguing against administration. Should we see that as a hostile act or potentially useful one? Has LOFT had contact with that creditor?</p>

Answer: We have contact with all the creditors mentioned in the court, apart from HMRC who must keep tax affairs confidential as a matter of law. We also have contact with other creditors not named in court. Having creditors arguing both sides of the coin does give us some flexibility in the options open to us.

However, no trade creditor's act can be regarded as 'hostile'; as a matter of principle, they have provided goods and services to the club in good faith for which they have not been paid, and as a matter of policy LOFT is demanding that they are all paid in full (and in the event of a transfer of ownership we would call on the new owners to honour this). Certainly in the event that LOFT were to be part of a consortium to take ownership of the club, this would be a condition of our involvement.

Bear in mind also that most of our creditors are small local businesses whose livelihoods depend on prompt payment from their customers, so any 'hostility' has been on the part of the appalling management at the club that has caused this situation to take place.

Question: Do we know why it will take FB 6-8 weeks to find £1m and are there any sanctions if he doesn't?

Answer: We have no information on whether the £1m promised will materialise, let alone from where or whom. Only Becchetti knows the answer. The fact that the players' and backroom staffs' wages weren't paid on 31 March throws this into extreme doubt.

The court will take an extremely dim view if by 12 June the club has made no progress in settling its debts to creditors – particularly if further debt has accrued in the meantime. It could order the winding up of the club at that point, or an administration.

Question: Please can you confirm that the mandate to use my shares has now lapsed due to the events of yesterday (20th)?

Question: I was asked to sign a form so that LOFT could act on my behalf in court. I thought from Monday that the judge didn't take any interest in minor shareholders as he pointed out we were not creditors. Are we relevant to this situation? Do you need us to do anything else?

Question: You asked for shareholders details but we need to know what stance LOFT are going to take as obviously after Monday's happenings the situation has changed, in my view, for example if we are going to represent creditors to try to put the club into administration which could actually mean liquidation then I would not be willing for them to be used.

Answer: The Power of Attorney (POA) does not lapse until the case ends - it has only been adjourned so far. If any shareholder wishes to no longer give us their

POA, we will be happy to accept their revocation of the POA they signed with our sincere thanks for assisting thus far. If this is the case please email lofanstrust@gmail.com and we will supply the appropriate form for you to sign. We would hope that you won't however, for the following reasons.

Shareholders are very much still relevant to proceedings. The judge will certainly take them into account when making a decision as to whether to wind the club up at the next hearing (or any others that may take place) and as such we would hope to keep all the shareholders on board.

We may ask shareholders to consider giving us a further, broader, Power of Attorney to assist us in other legal proceedings should they become apparent or necessary; in such circumstance we would advise shareholders with existing POAs if they wish to be involved and give sufficient notice for them to decide.

We can reassure shareholders and fans generally that we would not be party to any action that would end in the club's liquidation, if other avenues such as administration remain open. In other words, we would never consider trying to get an administration without a plan to take ownership of the club. As stated above, we believe all creditors should be repaid in full; liquidation of the club would not accomplish this.

Question: with PR that club getting has anyone from LOFT used opportunity to get donation from large businesses around Leyton. e.g. ASDA, Fitness First, KFS, Local Sainsbury, Pizza Hut, .

Answer: We are looking at any and all corporate donations, and as mentioned in the open meeting we are looking to work with the local council and business leaders/Chambers of Commerce.

One drawback at the moment in seeking corporate donations, is that the fund by definition doesn't have a defined single purpose or planned outcome, given the nature of the situation facing the club.