**Outline Proposal**

**Presented to Celtic Plc by The Celtic Trust**

**Background**

It is acknowledged and understood that we are living in uncertain and extraordinary times due to the coronavirus and that this is having a devastating effect on public health, the global economy and the sports and leisure sector as well.

It is becoming evident that the coronavirus effect and broadcast technology developments are likely to expedite structural changes in the business of professional football across Europe. This is likely to involve jurisdictional changes for many football clubs as well as broadcast delivery channels.

As a long-established club with a global fan base Celtic is well respected and represented in this peer group and will seek to exploit these emerging opportunities.

In considering these changes it is important to recognize that football clubs need leagues to compete in and, therefore, the solvency of the other clubs in your jurisdiction have a relevancy to the performance and prospects of your own club. Currently, Celtic is a big club in a small pond and operates in a jurisdiction with a systemic bias against it. The shifting sands referred to make the prospects of a change in Celtic’s core marketplace more likely than ever before.

**Current Position**

The immediate financial outlook for Celtic (and other clubs) is poor. The club is likely to experience negative cash flow for an undefined period. ST sales are the most important financial driver for the club. The club has an existing legal obligation to offer refunds to ST holders in respect of 2019/20.

The club has sold circa 50,000 STs for the current season. Using the cheapest ST advertised on the club website (£510) as a measure the total revenue stream involved is in the region of £25.5 million. These numbers ignore corporate hospitality sales. The club has already established the principal of refunds and the provision of value as compensation for non-delivery of the product in the case of packages sold to hospitality customers, Celtic has confirmed in writing that refunds will be payable in respect of all games where entry to the stadium is not possible.

The club has been less clear with ordinary ST holders but has suggested alternative means of value could be offered. The live match streaming service provided to ST holders is the same product as the CelticTV Premium package available to overseas residents. The latter costs £180 per annum but includes away games. Accordingly, the service offered to ST holders can be fairly valued at £90. This suggests £420 of value (£510 - £90) should be available to ST holders as a refund. This creates a total obligation of £21 million (cash outflow from the club) at the most critical time in the club’s history since the early 1990s.

The disappointment of the current season, diminished confidence in the Board together with less than effective communication and the absolute requirement to sell season tickets for next season does not leave the Board much room for adopting a cavalier, offhand or patronising attitude to ordinary supporters. Goodwill and sacrifice should not be borne exclusively by ordinary supporters. It is a shared obligation which must include directors, shareholders and other stakeholders with an emotional investment in the club.

**Proposal**

**Recognising the club is entering its most crucial period in over twenty-five years and maintenance of positive cashflow is a priority in the current environment, The Celtic Trust propose that the club offers all ST holders the option of receiving ordinary shares in the club to the value of their refund entitlements. This would involve a new share issue in the region of £25.5 million and would result in ST holders who opted for shares owning circa 21.3% holding of the enlarged share capital.**

**The December 2020 AGM passed Resolutions that disapplied pre-emption rights and gave authority to the Board to issue up to 47.1 million new ordinary shares. The Celtic Trust proposes that this authority is used to issue new shares to ST holders who wish to accept shares in lieu of cash as a refund due on their season tickets.**

**Conclusions**

**This is an innovative proposal that allows supporters to help preserve Celtic’s cash position during unprecedented and difficult times.**

**It helps restore the original Fergus McCann objective of a strong supporter ownership profile.**

**It reduces the developing schism between the Board and the club’s core customers.**

**It allows a younger generation of supporters to own a stake in their football club.**

**It creates a positive dynamic for the sale of season tickets for season 2021/22.**

**David Low**

**Chair**

**The Celtic Trust**

**18 February 2021**