**Email from Celtic PLC to Celtic Trust 21 June 2021**

Thank you for your email of 25 May.  Since then, the focus has been on securing our manager, but I would now like to take the opportunity to respond in detail to some of the issues raised in your email.

Before turning to the detail, however, it may be helpful to summarise where we are.  The Club understands that the Trust is disappointed with the Club’s decision not to proceed with the Trust’s proposal as a means of providing additional value to season ticket holders for season 2020/21.   As I said in my email of 24 May, however, having engaged with season ticket holders during the season, including at our meeting in February, the recent meeting of the supporters’ organisations, meetings with supporters groups and the fans forum, the Board took all of the views into account when considering what further additional value could be offered at this time and made a decision that the Board considers to be in the best interests of the Club.  That is not to treat the Trust with contempt.  The Club has not at any time treated the Trust or its members with contempt.  The Club carefully considered the Trust’s proposal, which proposed that the Club offer “*a new share issue in the region of £25.5 million*”, and took expert advice on that proposal.  In light of that advice on the process, including the substantial cost and management time that would be required, the Club responded to the Trust setting out the reasons why the Trust proposal was not one which was being considered as a means of providing additional value to season ticket holders for season 2020/21.  For the reasons set out below, the Club has concerns regarding the manner in which certain officers of the Trust have portrayed the Club’s position in relation to the Trust’s proposal and the Club would welcome your suggestions as to how to remedy that.

Turning to the detail, for the reasons that I set out in my email and on which I expand upon below, the Club did not accept a number of assertions and assumptions in the Trust proposal and therefore did not consider it to be in the best interests of the Club to proceed with it.  The Trust proposal was initially mentioned at a video meeting with the Club.  A detailed proposal was then received.  Before the Club had the opportunity to engage with the Trust regarding the proposal (a matter of days following confirming receipt of the proposal and indicating that we would be in touch regarding timescales), the Trust published its proposal and commenced a campaign in support of it, which relied on some of the assertions and assumptions that the Club did not accept.  The Club therefore took the view that engagement with the Trust would not be effective, since the Trust had decided to seek to address this matter publicly (in contrast to many other issues that have been addressed between the Trust and the Club in the past).  The Club did not treat the Trust with contempt or discourteously.

Importantly, nor did the manner in which the Club respond to the Trust’s proposal extend in any way to “all its members and the members of other organisations which supported this proposal” as was suggested in the Trust’s Share for value proposal update on 25 May  - <https://celtictrust.net/shares-for-value-proposal-update/> .  The decision not to engage further with the Trust was taken based on the number of assertions and assumptions contained in the Trust proposal, which the Club did not accept, and the fact that the Trust chose to publicise the proposal as part of a publicity campaign without waiting for the Club to respond.  The Club’s decision was not intended to be disrespectful to the Trust’s members and the members of other organisations which supported the proposal.

In terms of the specific issues raised in your response and dealing with these in turn:

1                     You assert that the Club’s rejection of the Trust’s proposal “*appears to be entirely predicated on there being a figure attached to it which is of such a magnitude that it triggers certain legal obligations on the PLC Board*”.  We wish to point out that, contrary to the terms of your letter, there are ‘*figures referred to in the Trust proposal*’. Your email further states:  “*Had the PLC Board consulted us in February or March these issues could have been considered and sums which did not necessitate the estimated associated costs of £1,000,000 could have been discussed.  We do not think it appropriate for you to take into consideration, and tie us to, various figures which were casually discussed among the wider Celtic support by way of illustration*”.

However, David Low’s proposal dated 18 February 2021 provided as follows:

“***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.*”

As we have made clear from the outset, there are a number of assertions and assumptions in the Trust proposal, which the Club does not accept.   The Club’s decision not to consider the Trust’s proposal as a means of providing additional value to season ticket holders for season 2020/21 was not “entirely predicated” on any one issue.  It is important to note, however, that the Trust’s proposal does refer very clearly to, and is based on, figures set out within it, as set out above.  I attach a copy of the proposal, which was sent by the Chair of the Trust on 19 February.

The Club understood that this provided the financial detail on the Trust’s proposal. To our reading, the section of the proposal referred to above does not represent numbers, “*casually discussed among the wider Celtic support by way of illustration*”.  On the contrary, given how they were presented and referred to, the Club understood that they represented the Trust’s formal proposal to the Club.  We do not think that it is fair or an accurate reflection of the analysis carried out by the Club to say that we are tying the Trust to numbers which are not relevant to the discussion. These were the numbers on which advice was sought and to which reference was made in my response of 24 May.  The Board, appropriately, took time to analyse these and took expert external advice on the proposal and the process that would need to be followed to implement the Trust’s proposal in full.  In short, the advice that we received was that the Trust proposal would require a general meeting to be scheduled.  That process would require substantial costs (likely in excess of £1,000,000) to be incurred as well as a significant management time commitment and would likely take some months to progress.  We have confirmed the results of this analysis to you both in terms of costs and process. Our analysis has not changed.

2                     In terms of the second issue raised in your email, I do not think that my email of 24 May contained contradictory statements.  In my email of 24 May, I explained that the Club considered that it had delivered the season ticket product for season 2020/21 during last season, that the Club had delivered items of additional value during the season and that, at the time of writing my email, the Club was continuing to work on that.  All of those statements were accurate.  As you know, the Club has now communicated further on this issue.  I note your reference to the SCOTTS letter.  The Club is committed to treating our season ticket holders fairly and that is consistent with the letter.

3                     Finally, we disagree entirely with your categorisation of how the Club has treated the Celtic Trust. We have engaged with the Celtic Trust positively over many years across many issues, which are important to both the Club and the supporters. We have not always agreed on every subject, but we have always sought to engage constructively and respectfully with the Trust as a shareholder group and to seek to understand the issues raised by the Trust, including in respect of the share proposal.  Our engagement is not helped by the recent use of emotive language and, as set out above, inaccurate information in recent communications by officers on behalf of the Trust, which we do not consider reflects the true nature of the Club’s correspondence and interaction.

It is disappointing that in a number of respects the Club’s position appears not to have been portrayed accurately.  For example, in the Trust’s Share for value proposal update on 25 May, the Trust asserts that the “*entire premise of the rejection however, is false, given that there was no value indicated by the Trust in the formal proposal.  Had they discussed the matter with us in February or March (something they explicitly refused to do) this could have been discussed and a more modest but meaningful value could have been agreed*.”  It is clear from the above that the Trust proposal was, in fact, based on the values referred to in the proposal submitted to the Club.  This, and other statements made by certain officers of the Trust on various media channels, have been reported on and are damaging to the Club – including a reference by the Chair of the Trust during an interview with The Times referring to the *“directors’ reasons for refusing to engage with [the Trust] as dishonest.”* This is clearly unacceptable.

We all have the best interests of the Club at heart.  The Club is committed to engagement with supporters and shareholders.  The Club remains committed to doing so going forward and to seeking to improve that engagement.  For example, we are looking to further develop the Fans Forum.

We believe that engagement needs to be fair and respectful.  As explained above, the Club does not consider that the manner in which certain officers of the Trust have portrayed the Club’s position in relation to the Trust’s proposal has been fair or respectful.  In your email, you indicated that you would share a summary of our response with your members and more widely.  As explained above, we do not consider that that summary of the Trust proposal or the engagement with the Club has been accurate and we would welcome your suggestions as to how to remedy this.  For example, we understand that you have a members meeting this evening and should be grateful if you would confirm whether our correspondence will be shared with members for clarity.