

High Holborn House
52 – 54 High Holborn
London
WC1V 6RL

T: 020 3856 6720
E: london@quantuma.com

www.quantuma.com

Dear all,

Thank you for your email. We also note Trevor Birch's response on behalf of the EFL.

Firstly, it is very important to state that we absolutely understand the frustration and distress of the fans particularly since the turn of the year. We receive a huge quantity of correspondence daily and are also aware of the considerable press reporting and social media activity. Clearly some of the reports have been closer to the truth than others.

Before a sale is finalised, there is an immediate requirement to secure the short-term future of the club, to allow players to be signed, issue season tickets for sale and to secure commercial agreements, as well as our best intentions to bring the uncertainty for staff and supporters to an end as soon as possible.

Once the short-term future of the club is secured, the minimum requirements for a bidder to be referred to the EFL for consideration are:

- 1) Bidders to submit offers that pay football creditors in full, pay 25p in the £ to other creditors (or 35p in the £ over 3 years) and propose a suitable solution for the club's ongoing occupation of the stadium.
- 2) If such offers are not received, the next possibility is for offers that pay football creditors in full and propose a suitable solution for the club's ongoing occupation of the stadium. In this scenario, where less than 25p in the £ is paid to other creditors, a 15-point deduction would be imposed for next season (depending on when a sale completes).

If neither 1) nor 2) is met, then it is unclear what position the EFL will take.

In either scenario 1) or 2) the costs of the administration need to be settled. The vast majority of these costs are the ongoing trading losses that the club sustains on a monthly basis and within that the biggest cost by a distance is payroll and associated costs. The options the administrators had to reduce costs were to make widespread redundancies, sell more first team players in the January transfer window and reduce the club's Category 1 Academy status. It was decided not to do so in order to maintain the club in as strong a position as possible for a buyer and to give the first the team the best possible chance of avoiding relegation.

It has been to date, and remains, extremely challenging managing cash flow each month in what remains a heavily loss-making business. Contrary to speculation Quantuma has not drawn any fees to date. The basis of drawing fees is set out in the joint administrators' proposals report that was issued in November. It has not changed since, although considerable time costs have been incurred which will not be fully recovered. It is not in Quantuma's interests financially, to allow the administration to become unnecessarily protracted nor for the companies to be placed into liquidation.



We are having extremely positive and productive discussions with interested parties in relation to the short-term requirements and are confident of those discussions leading to a sale thereafter which will secure the club's long-term future. We do not, however, believe that imposing 'hard deadlines' are the answer at this stage. You will recall that we imposed deadlines earlier in the process which were not adhered to by bidders. We were then heavily criticised for extending those deadlines. In reality no bids were received that were suitable to be recommended to the EFL for approval i.e. none that fell into category 1 or 2 above. Had we not extended the deadlines the alternative would have been to place the club into liquidation at that stage which no fan wants. We agreed with the EFL that we would report to them once we received a bid that satisfied 1) or 2) above, which Chris Kirchner's bid did. Now that Mr Kirchner's bid has been withdrawn, we will again report to the EFL upon receipt of a bid that satisfies 1) or 2).

We are bound by confidentiality agreements and so we cannot release the identities of the parties who have come forward, nor can we release any detail in relation to their interest or bids. However, all interested parties know that it is in their interests to be in situ as soon as possible in order for them to put together a competitive playing squad and secure valuable commercial contracts whilst giving staff and fans certainty for the future. The club does not have the luxury of time, and so, even without hard deadlines, the club's future must be secured very soon.

Further to the EFL's statement last week we fully understand their need to ensure that Derby County FC can fulfil its fixtures next season for the integrity of the league competition. As confirmed by Trevor Birch we are having daily calls with the EFL to provide updates on progress and that will continue for as long as is necessary and appropriate. As ever, any prospective owner of Derby County FC will be subject to EFL approval and will be required to satisfy the Owners' and Directors' Test. Once funding is confirmed for the duration of the season, we will be able to discuss with the EFL the terms of any business plan. Very positive discussions regarding funding and the sale of the club are ongoing.

Kind regards,

Carl Jackson & Andrew Hosking

Joint Administrators of The Derby County Football Club Limited and associated companies