

Representatives from Supporters Trust at Reading (STAR) meeting with the English Football League (EFL) and the Football Supporters' Association (FSA) - 20 September 2024

Attendees

EFL

- Nick Craig
- Mark Rowan
- Andrew Pomfret

FSA

- Jess Grundy
- Ashley Brown

STAR

- Sarah Turner
- Matthew Batten
- Greg Double
- Adam Jones

The EFL opened the meeting noting the recent announcement regarding takeover attempts at Reading FC as announced on 18 September 2024. Based on those reports, the EFL had requested this meeting so it could provide an update to STAR.

Update on sale

Following a long negotiation process the EFL became aware in mid-September of potential issues regarding the conclusion of a sale agreement following an earlier Letter of Intent.

The EFL noted that this had been a lengthy process, complicated primarily due to the complex structure of the deal and need for purchasers to do due diligence.

The EFL confirmed that the prospective owners had provided loan funding to ensure Reading FC met their financial obligations and subsequently have received evidence that all loan funding has been repaid in full, including accrued interest and associated costs. There are therefore no legacy financial issues outstanding from this attempted sale.

The EFL emphasised its focus remains on Reading FC – referring to the Club as a well-respected member, who they are keen to see in the league fulfilling its fixtures and duties. Their immediate attention is towards ensuring funding exists for a period of time to meet liabilities going forward and enable a sale transaction to proceed.

The EFL acknowledged ongoing financial restrictions upon Reading FC, which would have been relaxed in the event of a sale. Due to the transaction not completing, these restrictions remain in place.

The EFL is aware of ongoing discussions with potential purchasers, and likewise the Club are aware of EFL requirements around changes of control (including Owners' and Directors' Test, requirements to demonstrate source and sufficiency of funding). The EFL noted it is prepared to expediently review any materials referred by the Club that will enable a sale, but at present do not have any referrals. The EFL also stressed that it does not comment on change of control matters but will respond if there is misinformation.

In summary, the EFL noted that Mr Dai has his conditions for the sale of the Club and in parallel the EFL is responsible for ensuring its regulatory requirements are met in respect of any such change of control.

Fines, funding and sanctions

The EFL clarified that the only outstanding sanctions over Reading FC are the suspended sanctions issued by FA and EFL disciplinary commissions for the pitch incursion against Port Vale in January 2024.

STAR queried whether Mr Dai has outstanding fines and whether the EFL are pursuing them if so. The EFL confirmed that all fines directed at the owner have been paid in full.

STAR suggested a confliction between non-funding of Reading FC, but repayment following the failed takeover attempt and fines received. The EFL noted it cannot publicly comment on source of funds and confirmed their attention is focused on confirming the future funding referenced in the recent Club statement.

STAR queried what would happen in the event the EFL were unable to evidence future funding and whether immediate charges would be applied. The EFL noted it would initially invite Club observations and consider the context, noting a scale of variance from an explainable banking delay to clear non-compliance.

Club budgets

STAR raised questions from Reading FC that they are awaiting confirmation of their budget from the EFL. The EFL noted that a financial forecast was provided by Reading FC to the Club Financial Reporting Unit (CFRU) in April 2024 for the 2024/25 season (as all League One Clubs were required to do) but would have to check what had been agreed with the CFRU since that time. Following the meeting, the EFL established that the CFRU remain actively engaged with the Club to understand the funding arrangements for this season and what spending this may allow. The EFL also acknowledged a revised budget had been received from the prospective purchasers, but due to this takeover having not been completed, that plan and any spending agreed within it is no longer applicable.

Upcoming staff suspension from football and football-related activity

STAR queried whether a point of contact has been confirmed for the EFL from 04 October, upon the commencement of Nigel Howe's ban from football and football-related activity. The EFL confirmed that this is yet to be resolved but alongside Mr Howe the EFL maintains contact with Club CEO Dayong Pang. STAR requested the EFL to encourage Mr Pang to engage with STAR. The EFL confirmed they will feedback to the Club.

Fan communications

STAR requested, in the context of what they believe is a continued lack of communication from Reading FC regarding the current position of the Club, that clarity on the EFL policy regarding communications around such matters be made clearer. STAR wondered if the EFL had instructed the Club not to communicate and asserted that the lack of communication risks an escalatory response from the fanbase.

The EFL confirmed its policy is not to comment on change of control matters, although it reserves the right to explain processes and clarify matters in respect of misreporting or misrepresentation. Whilst Clubs cannot announce the completion of any takeover subject to EFL clearance, Clubs are free to

engage their fanbase and provide updates but equally these types of matters are complex and contain a considerable amount of confidential information that simply cannot be shared.

Support for staff at Reading FC

STAR raised concerns about the level of support being offered to senior management at the Club and where this lies within the EFL remit as well as lack of support from other organisations. This included the Club's perceived lack of insight by relevant authorities on the daily operations at Reading FC.

The EFL noted that there is a range of support available. The types of support would include operational support for individuals alongside signposting to external services. The EFL also confirmed it would share STAR's comments with the Professional Footballers' Association, League Managers' Association and League Administrators' Association.

Opportunities for transfer activity

STAR noted that the EFL provided clearance for one deadline day signing and the Club had sought to sign others. STAR queried whether there would be opportunities for the Club to sign free agents if the agreed budget were increased once confirmation of funding was resolved.

The EFL noted that for approval the Club must evidence how they would fund associated costs, which all remain part of discussions regarding the business plan.

Next steps for fan activity

STAR queried next steps and views on how the fanbase may best support takeover completion. The EFL noted fan action to date has raised the profile of the issues at Reading FC but the risk of further action is that it may deter the right sort of investors from coming forward. The EFL noted the considerable positives of Reading FC and that a vibrant and passionate fanbase supporting the manager and players is clearly helpful in highlighting the potential of the Club.

STAR suggested that if fans know that wages and HMRC are being paid then stress levels will reduce amongst the fanbase. The EFL understood and noted that there are upcoming deadlines regarding the payment of ongoing liabilities and financial requirements.

Administration

STAR queried the likelihood of the Club entering Administration and concerns due to separation of assets. The EFL noted that clearly, it does not want any Club to enter Administration, and while Reading's financial matters have been well-reported, the League anticipates Mr Dai is actively trying to sell the Club at this time.

STAR queried whether there are outstanding liabilities to other creditors. The EFL clarified that, as the main creditor of the Club remains Mr Dai, any acquisition of control would need to address this.

The meeting closed.