

**From:** P.W. Knatchbull-Hugessen [REDACTED]  
**Sent:** Saturday, August 18, 2012 07:37 AM  
**To:** Harris, Paul (CTTO)  
**Cc:** Marilyn Knatchbull-Hugessen [REDACTED]; Higgs, Rowley <[REDACTED]>  
andrew.m.skinner [REDACTED]  
**Subject:** RE: Meeting with Coventry City Council.

Paul

The meeting is on Monday 20 August.

The scope is as outlined in the e-mail to Andrew. This meeting is about the tactics etc to be employed in dealing with the YB. I have asked him to report back not just on the steps to be taken and arguments made to the YB but anything that gives us any understanding of CCC's thinking going forward. He is not there to engage in any of the things you mention in the second part of your e-mail.

It is my understanding that they do not intend to sell any part of the debt to anyone. Chris doubts whether CCC members will even allow Sisu to purchase FIL after CCC has restructured the ACL debt.

Following the meeting on Monday it is going to be necessary for a meeting with Chris and Martin to discuss the points you make along with all the other scenarios. I know that Chris is moving the whole thing along now. He is determined that we need to be talking to the Bank by 28 August.

All we have to go on at the moment is the paper Chris has prepared for Martin, which is attached to this e-mail. It is clear that we need to have an agreement in place with CCC within a very short time. It could not come at a worse time. Although Rowley is well-placed to contribute through e-mail he is under great pressure at work. You are baking, or is it roasting? This gives little opportunity for creative and informal discussion.

As I understand it CCC have no game plan with CCFC. I think that everyone has thought about the likely reactions of Seppala but nobody has given it thorough consideration, working through likely courses of action.

I think that all we can do, at present, is wait until after Monday's meeting. Hear back from Andrew. Find out from Chris his thinking and timescales and then decide how best to deploy what minds and forces we have available. We will need to bring Tom Durrant in, I suspect, fairly soon.

I hope that you are enjoying your holiday: the BlackBerry obviously still has battery life...

Peter

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**From:** Harris, Paul (CTTO) [REDACTED]  
**Sent:** 17 August 2012 21:15  
**To:** P.W. Knatchbull-Hugessen  
**Subject:** Re: Meeting with Coventry City Council.

Peter

Is this meeting Monday 20 August? Could you please advise what is the scope of PWC. The key output for me is to attain a definitive game plan from CCC, for example their intent if/ once the debt is purchased, i.e. do they intend selling part to SISU or ano, what is the loan rate to ACL, for how long, and is the rate fixed. Does ACL or AEHC benefit from a lease extension, what is CCC's game plan with CCFC if debt purchased. Do CCC intend purchasing the FIL shares, if so when and assume the quantum is greater than offered by SISU.

Regards

Paul

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**From:** P.W. Knatchbull-Hugessen [REDACTED]  
**Sent:** Friday, August 17, 2012 12:38 PM  
**To:** [andrew.m.skinner](mailto:andrew.m.skinner) [REDACTED]  
**Cc:** Marilyn Knatchbull-Hugessen [REDACTED] Higgs, Rowley [REDACTED] Harris, Paul (CTTO)  
**Subject:** Meeting with Coventry City Council.

Andrew

Can I confirm that the Trustees would like you to represent their interest at the meeting being held by Chris West, Head of Finance and Legal Services, Coventry City Council on Monday next at 10:30. Joe McLean of Grant Thornton, the Council's advisers will be there.

I attach a note to help you feel your way from where we had got to: the signed Term Sheet with Sisu and where we are now. I expect to forward another which at the moment is under review.

The Proposition is that CCC and the AEHC buy the ACL debt from the Yorkshire Bank. AEHC will not contribute any funds to this. The AEHC shareholding in ACL will not be diluted. CCC is prepared to accept the Sisu offer of £5.5m as the value which they would have to meet should they exercise their right of pre-emption.

There are issues that have not been agreed or resolved however, I think that the first stage is to do all we can to help CCC to work out the best tactics and story to enable the most cost effective purchase of the debt.

I believe that speed is of the essence. CCC are not going to be able to keep their negotiations with Sisu running indefinitely, which currently is the only way we have to create sufficient time for us to work out the approach to the YB and for CCC to have the deal taken through the various steps needed within a local

authority.

The issues going forward will be around the value of the AEHC stake in ACL and any limits on the sale of those shares to be imposed by CCC. At present there is good will and we do not want to damage that, but of course, nobody can agree to give away value.

Your remit therefore will be to help the process in any way you can on behalf of the Trustees and to report back to them not just the result of the discussion but your opinion of the nature of the discussion, any risks for the Trustees (whether internal, as it were, or external) and perhaps any steps the Trustees need to take to protect their future position. I am sure that this is not exhaustive and perhaps will add to it when/if I have instruction from the Trustees (who are copied into this e-mail).

Please do not hesitate to call me for further comment or clarification.

I will find out where the meeting is. Would you be travelling by car or by train. The meeting will be within 10 minutes of the station.

Peter

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