



16<sup>th</sup> March 2005

To All Shareholders,

As I mentioned at the AGM on 1<sup>st</sup> March, your Board felt it necessary to call an EGM to give shareholders the opportunity to consider various financial matters concerning the new West Stand development.

Since agreeing to develop the West Stand, costs have grown dramatically including a 60% increase in steel costs and higher than expected demolition charges and fit out costs. In total, your Board expect a shortfall of £1.5 million, taking into account current cash flow.

The West Stand development represents our best chance of safeguarding the future of Leyton Orient FC. Our facilities must be improved if we are to attract new support which will in turn provide additional funds to improve our playing squad.

The Board have considered the shortfall in finance to complete the West Stand to the necessary standard and have decided to put their proposals to all shareholders for their consent.

As responsible directors, your Board could not consider borrowing to provide the required shortfall. Too many clubs have opted to run their football club on borrowed money – too often it inevitably leads to administration or insolvency that can threaten the survival of the club.

As an alternative to this option, the Board believe the way forward is to sell the undercroft space designated for office development rather than retain this space for future exploitation. They believe this makes sense, not only because it will provide the finance we require but also because if we do develop the office space ourselves further funding of approximately £2 million will be required to pay for the office fit out costs before we can benefit from any rentals.

Of course we have also considered that at the moment we have no tenant in place for this office space and although we are in talks with various parties, no agreement to lease has been agreed and it remains speculative as to future agreements.

I have proposed to the Board that I put together a consortium of my associates which will provide the Club with £1.5 million in exchange for the West Stand development and grant Leyton Orient FC a 999 year lease at £1 a year rental for their facilities. In addition, agreement can be reached whereby the Club will receive a profit share on any future sale of this office space amounting to approximately 19,000 sq feet.

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