

Coventry City face homeless future after Sisu's litigious aggression

The hedge fund owner Sisu has alienated city council and Wasps with failed court challenges and there is no agreement in place for the League One club to play anywhere next season



David Conn



The Ricoh Stadium in Coventry, built for the city's football club but at present the home ground of Wasps rugby union club.

Perhaps there are two ways to view the plight of proud, 135-year-old Coventry City football club after the latest thumping court defeat in a losing series for the club's calamitous owner, the hedge fund Sisu.

One view, presumably still nursed by Sisu, is that it has somehow been grievously wronged by Coventry City Council, which built the £113m Ricoh Arena for its football club and always envisaged the Sky Blues thriving there as a motor for wider regeneration. The other view, held by exasperated supporters' groups, the council and Wasps, the rugby club which now occupies the Ricoh instead of City, is that Sisu needs finally to stop taking the council to court and face reality.

Since taking City over 11 years ago in the Championship, the hedge fund has spent millions, suffered relegation to League Two before bouncing up one division, lost its

tenancy of the arena after moving out to share Northampton Town's ground and tried to financially ruin the Ricoh's operating company, which was owned by the council and a charity.

The club's Sisu-appointed chief executive, Tim Fisher, famously [told supporters in 2013](#) that "Sisu is a distressed debt fund and therefore batters people in court". But Sisu has lost a trail of cases it has brought to protest against the council's stewardship and now, in the Court of Appeal, a challenge to the council's ultimate sale of its half of the Ricoh operating company, and an extended tenancy, to Wasps in 2014.

Under Sisu's ownership Coventry City face homelessness in May, when its single year's sub-lease to Wasps ends, with no agreement in place to play anywhere next season. The hedge fund's propensity for litigation is itself a barrier to agreeing a new deal to stay at the Ricoh, as Wasps said understandably in February [when announcing](#) this season's agreement.

"It is widely known that there are obstacles – in the form of the current legal proceedings – which stand in the way of a longer-term agreement," the rugby club stated. "Unless those obstacles have been overcome by the time ... discussions for the 2019-20 season would normally commence, then, regrettably, we will not be in a position to enter such discussions."

Coventry's decline and loss of the Ricoh tenancy is one of modern football's most sorry and maddening sagas. The city council built the 32,000-seat stadium specially for the football club to play in and agreed a deal whereby the club and council would share 50-50 in the stadium's running and revenues. In 2001 the club was relegated to the Championship after an admirable – now marvellous-looking – 34 years in the top flight. The financial difficulties which followed led the then-owners to sell their 50% share in the stadium operating company to a local trust which had a long association with the club, the Alan Edward Higgs Charity.

It was always envisaged that, when the club was financially able, it would buy that half-share back, and it had a contractual option to do so, for a minimum £6.5m, as long as it had the council's consent.

Sisu bought the club in December 2007 then lost around £36m, mostly on signing players to try to win the Premier League promotion bonanza. Mr Justice Hickinbottom, who found against Sisu companies in 2014 in a lawsuit the hedge fund brought against the council and the Higgs charity, stated that by 2012 City "had fallen into a parlous state as a result of mismanagement".

Sisu turned then to seeking the 50% ownership of the stadium operating company, which it had an option to buy. But in April 2012 the hedge fund began to withhold paying any of the rent legally due at the arena. Hickinbottom was clear in his judgment that this "rent strike" deliberately "distressed the financial position" of the operating company, which reduced its value, and that Sisu's strategy "was dependent on buying into the Arena cheaply".

While still refusing to pay the rent, Sisu offered the Higgs charity around £2m for its half share in the stadium operating company. The charity refused to sell, because the

offer was too low, while the council would not give its consent partly because it had lost trust in Sisu and for other reasons. That was the point at which Sisu could have restored the club to the Ricoh Arena as originally envisaged, but instead in 2013 they took Coventry City off to Northampton's Sixfields stadium, leaving the arena completely empty and under continuing financial pressure.

Sisu seemed always to believe that the council and charity had no other options for an occupant of the arena and would have to cave in eventually. But Wasps, a Premiership club without a ground, buzzed in and a deal was done with them. The rugby club paid £2.77m each to the council and the Higgs charity, plus £14m to clear the council's loan to the operating company. While the football club has struggled in the lower divisions to win back supporters after Sisu [brought it back in 2014](#) from the widely boycotted and reviled stint as Northampton's tenants, Wasps have regularly filled the Ricoh and invested the place with an atmosphere of warmth and cheer.



Coventry City fans express their feelings. Photograph: ProSports/REX/Shutterstock

Sisu's latest lawsuit was a challenge to the legality of the council selling its half of the arena operating company and extending the lease to Wasps. Like the other cases Sisu has brought it failed while the council was again found to have followed procedures properly, including commissioning advice and an independent valuation from KPMG. A happy and fruitful occupation of the Ricoh could and should have been the football club's but instead it is staring at just months left on the one-year sub-lease, and Sisu has continued with its self-defeating, expensive court defeats.

After the latest one the club itself said it is seeking an extension with Wasps – who insist litigation must end first – while, according to the council, Sisu sought leave to appeal against the Court of Appeal's ruling and carry on. The judges refused this but Sisu may apply to the Supreme Court directly.

George Duggins, leader of Coventry city council, said Sisu's court actions had resulted in "the burning of bridges with partners that you need to work with" and called on them to stop. The supporters' Sky Blue Trust did the same and also called on Sisu to sell, delivering this verdict on the litigious hedge fund which fatefully bought Coventry City 11 years ago: "They have created toxic relationships with everyone involved," the trust said in its statement. "And all confidence in them was lost, forever, some years ago."