

Heart of Midlothian plc

Minutes of the 111th Annual General Meeting

Gorgie Suite, Tynecastle Stadium – 11am

19 December 2017

1. Welcome & Introduction

Chair & Chief Executive Ann Budge welcomed those present to the 111th Annual General Meeting and delivered her Chairman's Statement.

The formal part of the AGM was then progressed.

2. Ordinary Resolutions

In accordance with the Notice of the AGM the following resolutions were considered and passed:

1. The Company's annual accounts and directors' and auditors' reports for the year ended 30 June 2017 were approved.
2. Ann Cochrane Cook Wallace Budge was reappointed as a director of the Company.
3. Stuart Robert Wallace was appointed as a director of the Company.
4. Jacqueline Duncan was appointed as a director of the Company.
5. Johnston Carmichael was reappointed as auditors of the Company.
6. The directors were given the authorisation to determine the remuneration of the auditors.

This concluded the formal part of the meeting.

3. Presentation by Jacqui Duncan – Finance Director

Jacqui Duncan presented an update on the club finances.

4. Presentation by Craig Levein – Director of Football

Craig Levein presented an update on the footballing side of the business

5. Q & A Session

The following questions were raised from the floor and answered accordingly:

Q1	Questions were tabled in advance by The Shareholder's Association. These were raised in person at the meeting (Q1, Q2 & Q3). The Shareholder's Association would like to congratulate the Board on another good year. Can you give an indication of the increase in revenue from our new facilities and capacity?
A1	Ann Budge Our new ticket capacity should generate approximately £1m of additional revenue. It is difficult to estimate the revenue attributable to the utilisation of the new main stand facilities as we still have to consider how best to use them. We would hope that in time we will generate at least a further £1m from other activities, including hospitality, conferences and

	Exhibitions.
Q2	There has been talk about a new hybrid pitch at Tynecastle, is this still on the agenda?
A2	Ann Budge Yes, this is still on the agenda. It will likely cost us £850k-£1m for a new pitch and there is every possibility that we will have to do this, sometime this year.
Q3	It is wonderful to see young players coming through from the Academy, are there more to come?
A3	Craig Levein Yes there are. We brought through 8 players this Summer, compared to 2 the previous year. Going forward we would expect 6-8 coming through on an annual basis. We have established our own Performance School, which is incredibly exciting – allowing us to drive the curriculum.
Q4	Craig, you said you watched the Celtic v Anderlecht match in preparation for Sunday. Will you now watch the Celtic v Hearts match as suitable preparation for your next matches? Many congratulations on your 6th undefeated match in a row – only 64 to go to beat the record!
A4	Craig Levein I was very pleased with the performance. The work rate by the team was excellent. The team have been working very hard but it's been a struggle getting some tangible results. They needed a good 3 points to get some belief back. The St Johnston game will be very different, so we need to adapt accordingly.
Q5	I would like to raise a safety issue. I noted on Sunday that the away fans were standing throughout the Roseburn stand. Similarly, we have an increasing number of our own fans standing at the Tynecastle School end. This is a serious safety issue. What is the Club doing about this?
A5	Ann Budge I totally agree with you, this is a serious issue. During a match, it is down to the stewards to manage the situation and they do this as best they can. The issue of our own supporters standing is regularly raised as an issue at our routine Pre-Ops meetings, which occur in advance of every match. Jonathan Tink will provide a further update on where we are with this issue. Jonathan Tink (Head of Planning & Strategy) We have a 3 phase plan to deal with this: <ul style="list-style-type: none"> - We have spoken to supporters directly on match days about the safety issue - We plan to escalate by writing to the supporters, who continue to stand - We may have to consider exclusion, if necessary We understand this is a serious safety issue and detracts from the experience of other fans, so we are dealing with this.
Q6	Having attended a match in Germany earlier in the year, I note they have a 'Safe Standing' area. This creates an incredible atmosphere. Does the Club have a view on safe standing?
A6	Ann Budge I agree with you regarding the atmosphere a safe standing area generates and we did look at this when building the new stand. Obviously we have seen it working well at Celtic Park. We would love to do it here and we certainly haven't written it off, but we need to further consider where it might be located and any issues surrounding this.

	As soon as we have a credible option and can afford it, we will do it.
Q7	I speak on behalf of a number of lifelong Hearts supporters , who have become members of Lounges 1 & 2. We have requested a meeting with the Club as we are disappointed with the location of the seating areas for these Lounges. It is not satisfactory. Is this going to be sorted?
A7	Ann Budge I do know about the issues and as I said in my Chairman’s remarks we are going to take some time in January to assess what we have achieved, what has worked and what has not worked. Lounge seating is definitely one area we need to look at and we will. I agree that, in particular, the Lounge 2 seating area is not ideal. We need to identify what we need to fix and plan changes accordingly. We are looking for a solution.
Q8	Are there any plans to offer naming rights to the Main Stand in order to generate revenue?
A8	Ann Budge Absolutely – we are talking to sponsors all the time. There are no plans at present to rename the stand but it is something we will certainly consider.....if the money is right!
Q9	Hospitality access to the main stand is poor – the closing of the concourse for the Directors is not helpful. Can there be a different route to our seats?
A9	Ann Budge Lounge 2 will be open on 27 th December so there will be a different route in from there. The director’s route does not work well. We are trying to ensure that the doors on the concourse are open for most of the time and then closed purely to allow home and visiting directors access to cross to the vomitory. We are reviewing how we can resolve this issue.
Q10	Can you provide any further information regarding the recent fraud incident?
A10	Jacqui Duncan A man has been charged for the incident. It arose as a result of compromised identities from one of our suppliers. We have received some recompense for the monies lost. We are planning to conduct an IT audit, which we had always scheduled to do, just to ensure our systems are as robust as they can be.
Q11	For many supporters the Hospitality prices are out of their affordability range – would you consider re-introducing the recompense for giving up a season ticket, which would make the prices more attractive? It is important you cater for the majority of your supporters.
A11	Ann Park (Head of Commercial) We are happy to revisit the season ticket recompense scheme and consider whether we can re-introduce this. Back in 2014 we reduced the prices for Hospitality significantly to make them more affordable and we do believe we are very competitively priced.
Q12	Can you tell us about player recruitment? We do not have a great record in recent times of selling our Academy players. Have we learnt any key lessons in this respect?
A12	Craig Levein This is a very valid question. Once a player reaches 23, he is free from training compensation. Things are different now but the recent players to whom you refer were with the Club through Admin and there was not a great connection between player / manager - the relationships could have been better and I think this effected the players decisions. I am very confident that now the appropriate relationship is in place. Discussions are always

	<p>ongoing with young players, their parents and their agents and there is an understanding that yes, the Club will look after you and provide you with opportunities from the age of 7 in some cases, and in turn if you the player plays, say 100 games for the 1st team, we will sell you to allow us to re-invest and develop the next young players.</p> <p>This is understood by all and it's a different situation altogether from what existed previously.</p>
Q13	I trust we will be ready to stand up to Hibs next week?
A13	<p>Craig Levein</p> <p>Obviously I cannot guarantee a win, but yes, we will be ready.</p>
Q14	Is it possible to increase the size of the Half Time Draw numbers on the tickets as they are too small to read?
A14	<p>Ann Budge</p> <p>We will raise this with the Sportsmen Association, who run the draw.</p>
Q15	Last year I bought 2 season tickets. I phoned on the first morning available to buy Cup tickets and was told my seat had already been sold. Why has this happened?
A15	<p>Ann Budge</p> <p>If you have purchased a Seat Guarantee then your seat should have been available. Something has gone wrong here so we will sort. We will take your details and our Ticket Office Manager will contact you directly to sort this out.</p>
Q16	Whilst there are lots of positives going on at the Club just now, I wanted to raise the pricing of our 'young persons' season tickets. If we could drop the prices substantially, this might encourage more young people to come along to the matches. Also has the Club considered any hub for Social Media for the youngsters?
A16	<p>Ann Budge</p> <p>We have looked at concession prices and will continue to do so. We do genuinely believe we have held these at a very competitive rate, since coming to the Club.</p> <p>Ann Park</p> <p>Our social media engagement is good and an area such as our twitter engagement has improved significantly.</p> <p>In terms of a hub, our 4G coverage is good, however our wifi continues to be challenging, given the numbers involved and given that we are situated in such a central / busy location. This is something we continue to look at.</p>
Q17	I am a member of the Macrae's Battalion Trust and I have been going to Contalmaison since 2004. It was very disappointing to see no club representation last July. Please ensure this does not happen again.
A17	<p>Ann Budge</p> <p>I have already discussed this fully with the Trust and I can guarantee it will not happen again.</p>
Q18	Can you provide any information regarding what you are looking for in the January transfer window?

A18	<p>Craig Levein</p> <p>I am looking for a Left Back primarily - we had our eye on someone, but sadly we could not afford him.</p> <p>We do have targets and are fully discussing our priorities internally.</p> <p>It is worth saying that the Football Department has had great support financially over recent years and we know this will continue.</p>
Q19	Are their issues with the loud speaker system? I am in the Wheatfield Stand and I struggle to hear Scott Wilson now?
A19	<p>Ann Park</p> <p>We have implemented a new PA system throughout the ground. We are aware of 'tuning' issues which we are working on to resolve.</p>
Q20	I would like to congratulate Craig on the Celtic match – it was excellent. Are you planning to buy any faster players?
A20	<p>Craig Levein</p> <p>We do need more pace upfront. I am looking for a winger. This is second on my list, after a left back.</p>
Q21	How does the recruitment system work? Who identifies the gaps in the team and who identifies appropriate targets? Who has the ultimate say regarding what is done?
A21	<p>Craig Levein</p> <p>Our targets are identified through discussion. Previously as Director of Football, my job was to support the Head Coach. If he identified a target and it all made sense, then I would support this and go ahead and negotiate with agents, arrange a visit to Tynecastle and then try to get the deal over the line.</p> <p>Now, I sit down with Austin Macphee, Jon Daly and Liam Fox and we discuss what we need and where we are likely to find what we need. We have just recruited 3 new scouts, so along with John Murray and via the use of recruitment technology which we now have access to, we can readily identify targets. The scouts will then try to watch the target and we pull together our target priorities from there.</p> <p>I will then contact the agent to see if a deal can be done.</p> <p>I believe the character of the player is important and we need to understand this area better, so this comes from discussion and direct meetings.</p>

The meeting was formally closed at 1pm.