

**RESTRICTED ACTION FOR ISSUE OF SHARES IN AFCW PLC  
EXPLANATORY DOCUMENT FOR DONS TRUST MEMBERS**

***THIS DOCUMENT IS NOT A PROSPECTUS OR AN OFFERING DOCUMENT FOR SHARES IN AFCW PLC. ANY ENQUIRIES REGARDING THE PURCHASE OF SHARES IN AFCW PLC SHOULD BE DIRECTED TO AFCW PLC OR ITS ADVISERS.***

**Background**

AFC Wimbledon is currently developing a new stadium at Plough Lane, Merton. The project has planning permission and site clearance works are underway. Construction of the new stadium is due to start later this year, with a view to the stadium becoming the Club's home ground either during the 2019/20 season or for the start of the 2020/21 season.

AFC Wimbledon is proposing to fund the stadium from the following sources:

- Sale of The Cherry Red Records Stadium to Chelsea FC – as already approved by Dons Trust members in 2015;
- Contribution of £14 million from Merton Catalyst (the developer of the adjoining housing project at Plough Lane) - as agreed in the S106 planning agreement with London Borough of Merton;
- A loan of up to £7 million from a financial institution – currently being negotiated by AFC Wimbledon;
- Issue of shares in AFCW PLC by way of a crowd funding, of up to £5 million.

**AFCW PLC**

AFCW PLC is the company through which the Dons Trust majority-owns and controls AFC Wimbledon on behalf of its members. AFCW PLC owns 100% of the shares in AFC Wimbledon Limited (the company which owns the football club), AFCW Stadium Limited (the company which currently owns The Cherry Red Records Stadium Limited) and The Wider Interests of Football Limited (the company which will own the new stadium).

**The proposed share issue**

AFCW PLC is working with crowdfunding advisers to raise up to £5 million by issuing new shares in AFCW PLC.

The rules on crowd funding allow the sterling equivalent of up to €8 million to be raised without issuing a very detailed prospectus.

The details of the crowdfunding are still being finalised but we would like to be in a position to launch it later this year.

### **Use of proceeds**

The crowd funding will go towards the cost of the construction of the stadium and, depending on the final costings and the amount we raise, potentially towards some optional extras that we have negotiated with the construction company. These include:

- Rail seating;
- A concourse area behind the South Stand to make it easier to have an area for fans to socialise together before a game;
- Completion of the West Stand, which will be only partially built based on current cost estimates and available funding.

We know that members are eager to give their input on how we should prioritise any extra items within the budget available to us. We will be holding meetings to consult members on this subject. Regardless of how much is available from the crowd funding towards the optional extras, and which the priorities turn out to be, it is vital to the stadium project that we undertake the crowd funding.

### **Impact of the share issue on Dons Trust's shareholding in AFCW PLC**

The Dons Trust currently owns 100% of the 20,000,000 Ordinary Shares in AFCW PLC and 51.3% of the 4,071,520 A Ordinary shares. The two classes of shares are identical in all respects except that Ordinary shares carry three times as many votes as A Ordinary shares. The Dons Trust therefore currently owns 91.8% of the shares, and controls 96.9% of the shareholder votes, in AFCW PLC.

The precise number of shares that will be issued in the crowd funding is not yet known but it will be set at a level whereby, even if the Dons Trust itself does not subscribe for any of the new shares, the Dons Trust's stake in AFCW PLC will be reduced to not less than 75% of the shares and about 80% of the votes.

The Dons Trust board is satisfied that such a dilution does not reduce the Dons Trust's effective control over AFCW PLC. In particular, by maintaining more than 75% of the votes, the Trust will still have the ability to pass and approve ordinary and special resolutions of the company without relying on the votes of other shareholders, and the proposed resolution (see below) therefore refers to that 75% voting threshold. That is the same as the approach we took when AFCW PLC first issued shares, in 2003.

### **Restricted Action**

In order to protect the ownership and various other fundamental characteristics of AFC Wimbledon and the Dons Trust, the Trust's [Constitution](#) sets out certain types of action that need enhanced levels of approval from Trust members.

The issue of new shares in AFCW PLC is a 'category B' Restricted Action, which means that the following levels of approval are required:

- (i) at least 50% of total eligible membership cast a vote on the resolution;
- (ii) at least 75% of the votes so cast are cast in favour of the resolution;

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- (iii) the number of votes so cast in favour of the resolution represent at least 40% of the total eligible membership.

Unlike a 'category A' Restricted Action (such as the resolution through which Dons Trust members approved, in 2015, the sale of AFC Wimbledon's current stadium) a second vote is not required. Nonetheless, the thresholds for a category B Restricted Action are high, so it is essential that as many members vote as possible.

### **The resolution**

We are not launching a vote on the Restricted Action just yet, as we would like the opportunity to discuss this with members at the SGM and to answer any questions they may have. We therefore expect to launch the vote very shortly after the SGM, with that vote to conclude at a further SGM on a date to be decided (probably in late October).

The wording of the resolution that we are proposing is as follows:

*"To authorise the Dons Trust Board to cast the Trust's votes in AFCW PLC in favour of the proposed issue of new shares in AFCW PLC, subject to retaining at least 75% of the votes in AFCW PLC's shares."*

When, at recent AGMs, we have previously sought members' approval for small subscriptions of new shares in AFCW PLC by the Dons Trust, we have worded the resolutions to reflect the exact resolutions that AFCW PLC was putting to its shareholders (see AFCW PLC EGM below).

On this occasion, given the importance of making the resolution as simple as possible, we have drafted the resolution rather more broadly. If members approve it, then the Dons Trust Board will interpret the authority given to us by members to cover all of the approvals that are required to give effect to the proposed AFCW PLC share issue.

### **AFCW PLC EGM**

The crowd funding will need to be approved by the shareholders of AFCW PLC, through Special Resolutions to be approved at an Extraordinary General Meeting (EGM). The Dons Trust has a controlling interest in AFCW PLC (see above) and, provided that members approve the Restricted Action, the votes cast on your behalf by the Dons Trust will be sufficient to ensure that the resolutions put to shareholders are passed.

It is currently expected that the EGM of AFCW PLC will be held on the same evening as, and immediately following, the Dons Trust SGM at which the Restricted Action is approved (probably in late October).

The precise resolutions to be put to shareholders at the EGM have not yet been finalised. However, we expect these resolutions will seek authority to:

- Increase the authorised share capital (i.e. the total amount of shares that are allowed to be in existence) of AFCW PLC to the extent necessary to allow the crowdfunding to go ahead;

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- Issue new shares in AFCW PLC (i.e. to turn some of the authorised share capital into actual shares);
- Sell those shares without offering them first of all to existing shareholders proportionate to the shares they already hold. In the absence of such authorisation, there would be automatic rights of 'pre-emption' for existing shareholders to buy the shares before they are offered to others;
- Any other resolutions reasonably incidental to the above.

As noted above, the Dons Trust board will interpret members' approval of the resolution we are proposing to put to members as your authorisation to cast the Trust's votes in favour of all of the above resolutions at an EGM of AFCW PLC.

### **Voting procedures**

Once the voting procedure is launched, there will be three ways that members can vote on the resolution:

- An online proxy vote. That vote will authorise the Chair to vote, in accordance with your wishes, at the SGM on your behalf. This will be the most straightforward way of voting for members who receive Trust communications via email.
- Sending in a paper proxy form.
- Attending the SGM (on a date to be announced, probably in late October) to vote in person.

The voting process will not be launched before the 13 September SGM.

### **FAQs**

#### **Q. Am I being asked to buy shares?**

A. Not yet. Members will have the opportunity to buy shares, alongside others, but, before that happens, AFCW PLC needs our permission to proceed with a share issue. We urge you to support the resolution regardless of whether or not you intend to buy shares yourself.

#### **Q. Will all the money raised be spent on the stadium?**

A. Yes.

#### **Q. What happens if the Restricted Action doesn't get the required level of support from Dons Trust members?**

A. We believe that is unlikely. However, if we don't get the necessary level of participation and support for the Restricted Action, then the share issue will not take place. It will be harder for the Football Club to raise the money needed for the stadium.

**Q. What happens if the share issue isn't fully subscribed?**

A. The share issue can be scaled back from the maximum but that would obviously mean less money available towards the stadium.

**Q. Will there be a limit on the number of shares any one person can buy?**

A. That has not yet been decided, but AFCW PLC will reserve the right to scale back subscriptions from individual subscribers. Even if every single share on offer were bought by one individual, the Dons Trust would retain a strong controlling interest in AFCW PLC because it would have more than 75% of the votes in AFCW PLC.

**Q. How much say will the Trust have over the terms of the share offer? How can we be confident that AFCW PLC won't dilute our shareholding too cheaply?**

A. The Dons Trust board will continue to discuss the details of the share issue with the AFCW PLC board (on which Dons Trust board members are represented) to ensure that the final terms of the share issue are acceptable. We will be asking our members to approve the principle of the share issue, as it is a Restricted Action under our Constitution.

**Q. Why are you waiting until after the 13 September SGM to launch a vote on this important issue?**

A. We think it is helpful to discuss this with members first, so as to gain the maximum possible support. We did something similar when we successfully obtained members' support, in 2015, for the sale of our current stadium (albeit that, as a 'Category A' Restricted Action, the Dons Trust's Constitution required such a meeting before the vote could proceed).