

**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.

Resolution

The Dons Trust board is seeking approval from its members for the following resolution:

"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% (plus one share) of the votes in AFCW PLC's shares."

This document explains the above resolution and the Board unanimously recommends that you vote in favour of it.

Explanation

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 (although that amount is at the top end of expectations).

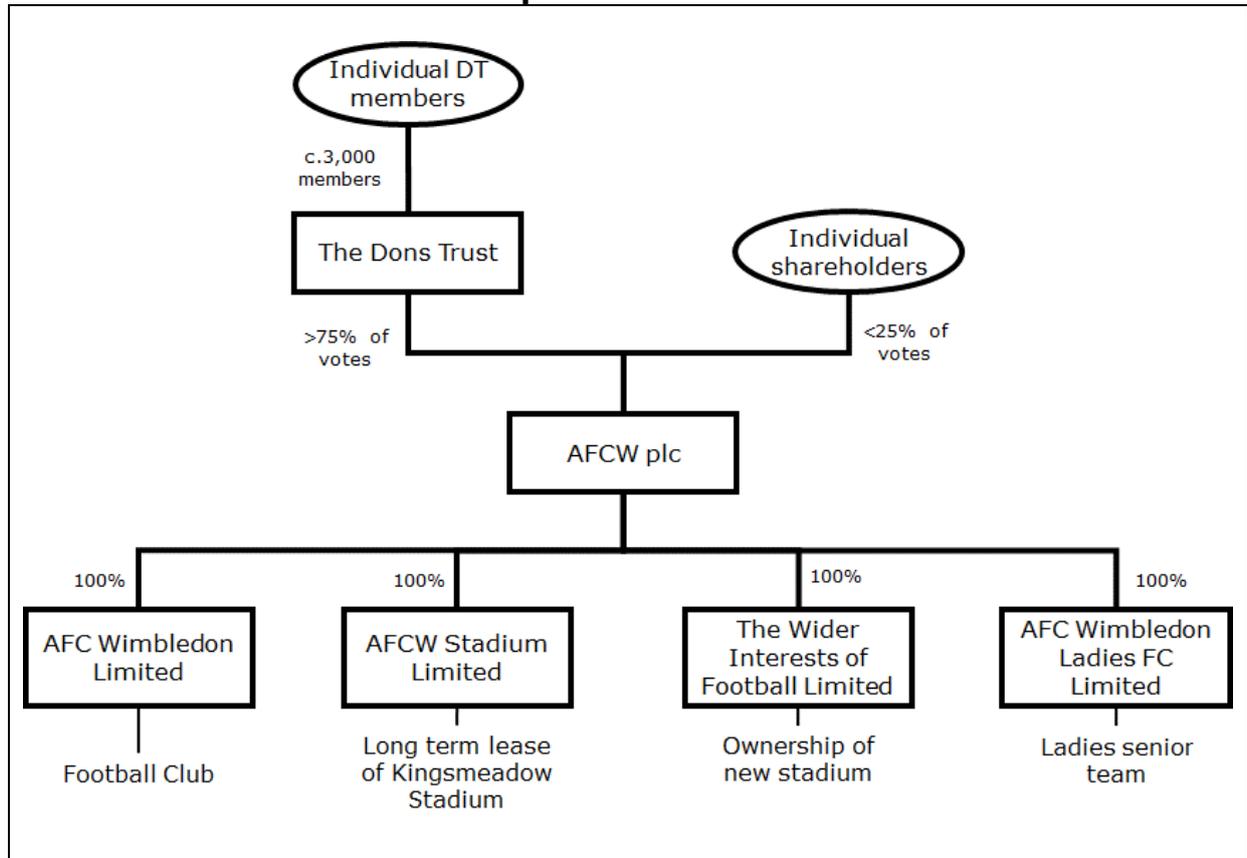
AFCW PLC

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),

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AFCW Stadium Limited (the company which currently owns The Cherry Red Records Stadium Limited), The Wider Interests of Football Limited (the company which will own the new stadium) and AFC Wimbledon Ladies FC Limited.

Corporate structure



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 (or terracing);
- A concourse area behind the south stand to make it easier to have an area for fans to socialise together before a game;

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- 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 and depends on the appetite of prospective buyers of shares to invest and the price at which shares are sold. For the sake of illustration, if £3 million of A Ordinary shares are issued at a price of 60 pence per share (i.e. the same price as previous share issues of A Ordinary shares, and at the lower end of our expectations) the Dons Trust will still own over 75% of the shares in AFCW PLC and nearly 90% of the votes. Regardless of the amount of money prospective share buyers are prepared to invest and the price at which shares are issued, we will not permit the number of shares sold to result in the Dons Trust controlling less than 75% of the votes (plus one share) in AFCW PLC, and in practice we expect to remain well above that level.

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

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Unlike a 'category A' Restricted Action (such as the resolution which members approved, in 2015, for 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

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 (plus one share) 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 expected that the EGM of AFCW PLC will be held on the same evening as the forthcoming Dons Trust SGM.

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;
- 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.

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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

There are 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, and we urge you to cast your vote via the link to a Survey Monkey poll that will follow in a separate email (please check your spam/junk folder if you do not receive it). The deadline for voting in this way will be 5pm on 7 November.
- Sending in a paper proxy form (attached). Please read the instructions carefully and ensure that the form reaches us by 5pm on 7 November.
- Attending the SGM on 8 November to vote in person. Whilst we welcome all members to attend and speak at SGMs, we strongly recommend that members cast their votes by proxy beforehand (see above).

Please note that each member may only vote once, so please use only one of the above methods of voting.

The Dons Trust board unanimously recommends that you vote in favour of the resolution and that you cast your vote as soon as possible.

Frequently Asked Questions (FAQs)

Note: This FAQ section includes answers to questions that were raised at our SGM on 13 September 2018 as well as other questions that we think will be of interest to members.

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. Can all Dons Trust members vote on this?

A. As with all formal votes, Junior Dons are not permitted to vote. Because this is a Restricted Action, we have to look not only at the proportion of people who vote for / against the motion but also at the proportion of members who vote. We are therefore restricting voting to those full members who were on our membership records as of 19 September 2018 so as to be clear on the absolute number of members who are required to vote.

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, and of course a significant number of shares are in the hands of Dons Trust members.

Q. Can we prevent someone from approaching all the shareholders other than the Dons Trust to buy their shares, so as to build up a substantial stake and exert significant control over the Club?

A. There are no restrictions on the transfer of A Ordinary shares in AFCW PLC. However, the shares are not listed on a stock exchange, so it would be a very laborious process for anyone to do that. Furthermore, they would do so in the knowledge that, even if they managed to buy all of the shares that are not owned by the Dons Trust, they would still have a voting stake of less than 25% and therefore in no position to exercise any degree of formal control over AFCW PLC or its subsidiaries.

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 have majority representation) 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: Are the shares to be issued the same share type as those originally sold in 2003? Will they have any preferential treatment in terms of future dividend payments and/or voting rights compared to existing shares?

A: There are two classes of share capital in AFCW PLC – Ordinary Shares (all owned by the Dons Trust) and A Ordinary Shares. They have the same entitlement to dividends but Ordinary Shares have three times as many votes as A Ordinary Shares. The current plan is that AFCW will issue A Ordinary shares, as it did in 2003, and there are no plans to create a new class of shares.

Q. At what price will new shares be issued?

The price remains to be finalised but it is expected that the price will be in excess of 60 pence per share, i.e. the price at which existing A Ordinary shares in AFCW PLC have been issued. This reflects the fact that following the sale of our current stadium and the acquisition of the land at Plough Lane, AFCW PLC will be a more valuable company than it was back in 2003, when the A Ordinary shares were first issued.

Q. Could the Dons Trust Board use this motion to allow the Dons Trust's shareholding in AFCW PLC to fall below 75% control?

A. No. The wording of the resolution would not allow this to happen. Allowing the Dons Trust's level of control to fall below 75% (plus one share) is a category A Restricted Action in the Trust's Constitution, whereas the current resolution is a category B Restricted Action.

Q: Won't the issue of shares to fund the stadium mean that we have less leeway to issue shares in order to fund unforeseen circumstances that may arise in the future?

A. Whilst issuing new shares in AFCW PLC to fund the stadium would reduce our current level control, the proposed share issue would still leave a substantial buffer above 75%. For example, suppose we raise £5 million at 60 pence per A Ordinary share towards the stadium. That would leave the Dons Trust holding over 85% of the votes in AFCW PLC. If a further share issue were to take place at a later date in the same amount and at the same price, the Dons Trust would then hold over 76% of the votes. (NB There are no plans for such a further share issue to take place, and this scenario is illustrative only.)

Q: How much will the share issue cost?

A. The main cost will be the fees charged by the crowd funding company. We have negotiated an arrangement which means that the level of fees would be a minimum of approximately £30,000 with an increase in the level of commission we would pay if we raise in excess of £1 million. Unlike in 2003, we will not face the substantial costs that were associated with a detailed prospectus document, as the rules have changed on this for crowd fundings of less than €8 million.