

Wimbledon Football Club Supporters' Society Ltd
("The Dons Trust")

Explanatory Note: Resolutions in respect of shares in AFCW PLC

Following the issue of shares in AFCW PLC, which closed in January, the share capital is:

- 5,000,000 Ordinary shares, all owned by The Dons Trust
- 2,106,560 "A" Ordinary shares, of which 132,700 are owned by the Dons Trust

This means that the Trust owns 72% of the issued share capital and, because Ordinary shares carry 3 votes to each "A" Ordinary share, the Trust has nearly 90% of the voting rights in the PLC.

The legal position in respect of issuing further shares in AFCW PLC is that a general share issue to all current shareholders and non-shareholders can only be made if a prospectus is issued, with the associated legal and administrative costs. However, the Board of AFCW PLC can be authorised to allot shares to an individual or an organisation on a one off basis provided that the PLC Board is authorised by shareholders to do so.

The PLC board wishes to allot shares in this way but they require a special resolution to be passed to do so. As the Dons Trust controls over 75% of the voting rights of AFCW PLC, the Dons Trust Board is already able to authorise the AFCW PLC Board to allot shares to any individual or organisation but both boards consider that such power should only be exercised with the consent of the members of the Dons Trust.

The reasons for this proposal are:

- To reinforce our security about the future ownership of the football club
- To capitalise the loans made by the Trust to the PLC and thereby strengthen the balance sheet of the PLC. (The loans from the Trust have been made to enable the repayment of some of the debt owed to Mr Khosla.) The ultimate objective is to replace the money owed to Mr Khosla, by much cheaper borrowings from a bank or similar body.
- To allow for the possibility of tax relief between the Trust and the PLC and its subsidiaries, should any of the Trust's activities prove to be taxable. This relief is only available if the Trust owns 75% or more of the PLC.

For the PLC to have authority to do this, a vote of over 75% is needed at its AGM. Since the Trust already has nearly 90% of the voting power, such a resolution will automatically be passed if the Trust votes for it. The Trust Board is satisfied that this would be in the best interests of the Trust and the PLC. However, some PLC shareholders may object that their influence is being reduced, as they are not also being offered additional shares. The Trust can respond to this in two ways:

1. By voting for the resolution in the PLC anyway, in the belief that it is in the best interests of all shareholders, or
2. Calling for a vote of PLC shareholders and, if a majority vote in favour of the resolution, adding the Trust's vote to theirs to ensure success.

As stated above both Boards consider that such a resolution should only be passed with the consent of the DT membership therefore we are presenting two resolutions on this subject to the SGM of the Trust on 30th Sept.

The Trust Resolutions

The Trust resolutions are set out on the page attached.

The first resolution asks for members' support to instruct the Trust Board to vote to authorise the PLC Board to issue more shares to the Trust only. This will be a very restrictive power, as we know that members are concerned that we do not put ourselves in a position where the ultimate ownership of the PLC (and through it the football club) is at risk. The Trust Board unanimously recommended this proposal at a recent board meeting. When debating this resolution, the Trust Board will be listening very carefully to members' views on how much influence the PLC shareholders should have on the vote, as explained above.

In the second resolution, the Trust Board is seeking members' support to develop a more detailed policy for issuing shares, if at all, to other selected organisation or individuals. This idea arose after a request by WISA to buy more shares in the PLC. The idea was debated at the recent Trust Board meeting and the majority of Board members were against it as they felt that there was no overwhelming reason to favour WISA before other would-be purchasers of shares. During the debate, the Board also briefly considered what to do if, for example, someone offered to buy a substantial amount of shares that would allow us to repay a large part of the Khosla loan.

The first stated Aim passed at the last SGM called for the Trust "To retain overall control of AFCW plc within the Dons Trust through retaining 75% or more of the voting power." The Board is keen to get members' views on whether, or not, it is acceptable to issue any shares to selected organisations or individuals and, if it was acceptable, what types of controls and restrictions should be implemented to ensure that there is no weakening of the democratic control of the membership over the assets of the Trust. Therefore, the second resolution seeks members' support for consultation by the Trust Board and then the development of a policy for dealing with proposed share allotments to anyone other than the Trust. One reason for putting the second resolution to the SGM is that the Trust Board wants to ensure that there is a proper debate about the principle of allotting more shares before any detailed policy is developed. The Trust Board believes that the conclusion might be that shares should only be issued to the Trust itself.

The Trust Board is keen to obtain members' views about the second resolution and therefore is not making a recommendation about which way to vote.