

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

The Board proposes the following resolutions to be presented to the Annual General Meeting of the Dons Trust on 18th December 2006.

RESOLUTIONS

The following resolutions require a simple majority of votes cast to be passed at the meeting. Please find attached a Proxy Form for your use if you are unable to attend the meeting. Please note that, where members indicate that the Chair of the meeting should exercise a vote on their behalf at the Chair's discretion, the Dons Trust Board will ensure that the meeting is chaired by a member of the Board, who will exercise that vote in accordance with the Board's recommendations set out in this paper. The Board recommends that members vote in favour of each of the resolutions.

Resolution 1

"To approve the Society's annual report and accounts for the year ended 30th June 2006."

Resolution 2

"To reappoint Proto & Co as auditor of the Society for the year to 30th June 2007."

Resolution 3

"To instruct the Board to consult the membership upon, and to put before the membership for approval not later than June 2007, changes to the Constitution which:

- (a) ensure that the Board shall not have powers to dispose of or to reduce the Society's interests (via subsidiaries) in the Kingsmeadow stadium lease or the football club registered with the Football Association as AFC Wimbledon unless approved by an appropriate proportion of the membership;
- (b) require the Board to take such steps as are necessary from time to time to protect the Society's interests in the stadium and club as aforesaid until such time as an appropriate proportion of the membership approves the disposal thereof;
- (c) ensure that the Rules introduced to give effect to (a) and (b) above may only be changed upon the approval of an appropriate proportion of the membership.

In preparing the Rules to be put to members the Board:

- (i) shall consider whether additional restrictions should be placed on the powers of the Board in order to avoid losing control of the stadium or football club as a result of reckless commercial and financial management of the affairs of the Society and its subsidiaries;
- (ii) shall include definitions of the "appropriate proportion of the membership" referred to in (a), (b) and (c) above, which shall be higher than the approvals required for ordinary resolutions of the Society and which are appropriate to the fundamental nature of the matters being approved;
- (iii) may include in the Rules such qualifications as are reasonably necessary to permit, through ordinary resolutions of the Society, corporate restructurings which do not fundamentally alter or jeopardise the Society's controlling interest in the stadium and the football club;
- (iv) shall not be obliged to fetter its powers to sell or to allow the sale or allotment of "A Ordinary" shares in AFCW PLC to the extent permitted by the "Policy on allotment of shares in AFCW PLC" approved at the Society's 2005 AGM;
- (v) shall allow an adequate period of time for consulting members and shall give due consideration to feedback from the membership in light of consultation."

Resolution 4

"To instruct the Board that, until such time as the membership approves otherwise, it shall:

- (a) not undertake or commit the Society or its subsidiaries to undertake any restricted actions; and
- (b) take such actions as are available to it and are reasonably necessary from time to time to ensure that the Society and each of its subsidiaries do not undertake or commit to undertake restricted actions.

For the purposes of (a) and (b) above, restricted actions will be any actions or failures to act which, individually or collectively, will result in the Society disposing of or (except to the extent permitted by the "Policy on allotment of shares in AFCW PLC" approved at the Society's 2005 AGM) reducing its interests in the Kingsmeadow stadium lease or the football club registered with the Football Association as AFC Wimbledon.

This resolution shall remain in effect until changes are made to the Society's Constitution giving effect to Resolution 3 above (whereupon it will automatically expire) or until it is revoked with the approval of members casting a vote by show of hands or by proxy at a general meeting."

Resolution 5

"That the Dons Trust Board should be authorised to cast the Dons Trust's vote at the third AGM of AFCW PLC in favour of approving AFCW PLC's accounts and the reports of the directors and auditors for the year ended 30th June 2006."

Resolution 6

"That the Dons Trust Board should be authorised to cast the Dons Trust's vote at the third AGM of AFCW PLC in favour of electing such persons to the AFCW PLC Board as it considers appropriate in light of the results of the 2006 Dons Trust Board elections and the Constitution's requirement that the majority of the members of subsidiary Boards should be members of the Dons Trust Board."

EXPLANATION OF DT AGM RESOLUTIONS AND AFCW PLC AGM AGENDA ITEMS

The Board does not consider it necessary to elaborate further upon Resolutions 1 or 2 in advance of the meeting. The remainder of this paper sets out the background and the Board's reasoning in relation to its recommendations in favour of Resolutions 3, 4, 5 and 6. It also sets out, for information, the DT Board's reasoning in relation to certain of the other matters being put before AFCW PLC shareholders at the AFCW PLC AGM but which are not being put to the DT membership for a vote at the DT AGM.

EXPLANATION OF DT AGM RESOLUTIONS

Resolutions 3 and 4

Introduction

The current Constitution of the Dons Trust pre-dates the formation of AFC Wimbledon. At the time it was put in place, the Trust did not own significant assets - let alone a football club and a stadium – and there were no explicit restrictions on the Board's powers to dispose of the Trust's assets.

At the time of the acquisition of the Kingsmeadow stadium, AFCW PLC was formed as a holding company for the club (via AFC Wimbledon Limited) and the Kingsmeadow lease (via AFCW Stadium Limited). The Articles of Association of AFCW PLC place certain restrictions on the sale of the club and stadium and on transfers of Ordinary Shares in AFCW PLC. However, the Articles of Association can be changed via a special resolution of AFCW PLC, and it would in theory be possible for the Dons Trust Board to procure such a change without reference to members. So, the restrictions in the AFCW PLC Articles of Association offer little protection to DT members against the actions of a Board intent upon disposing of the stadium or club.

At the October 2006 SGM, a member suggested that steps should be taken to change the Constitution at the forthcoming AGM so as to close the above loophole in advance of a new Board being in place.

The Constitution Review Group has investigated this possibility and has drafted some changes to the Constitution so as to restrict the powers of the Board to sell the club and stadium. However, this is quite a complex matter and there is potential to damage the Trust if the changes to the Constitution are not fully thought through. This is particularly relevant because one of the safeguards likely to be needed as part of the additional rules will be a requirement that the new rules should only be changed with the support of an enhanced proportion of the membership. So, if the rules that are introduced do not work properly, the Society could be faced with a situation in which it would be difficult to correct the deficiencies.

Rather than rush the changes to the Constitution, it is instead proposed:

- Through Resolution 3, to require the incoming Board to: consult the membership on proposed rules; consider feedback from that consultation; and present to members, in the first half of 2007, changes to the Constitution which would restrict the powers of the Board to dispose of Society's interests in the stadium and club;
- In the meantime, as a precautionary measure pending the above changes to the Constitution, to use a resolution passed at a general meeting (Resolution 4) to restrict the powers of the incoming Board to sell the club or the stadium.

So what does Resolution 3 do?

Resolution 3 requires the Board to consult upon changes to the Constitution which would prevent the Board from selling the stadium or club without the approval of the DT membership. A first draft of such changes has already been prepared and a revised draft will be published for consultation shortly. This resolution will require the incoming Board to complete the consultation process, to consider the feedback received from members and to propose changes to the Constitution in the first half of 2007 which have the desired effect.

The sale of the stadium or club is of course a very major step for a supporters' trust to take. It is important that any such transaction should not be rushed through with, say, a narrowly approved vote and/or low participation (e.g. during the close season). It will therefore be appropriate to include some safeguards on the process of membership approval of such a major transaction – for example, that X% of the membership should cast its vote and that Y% of the votes cast should be in favour. The Constitution Review Group has some thoughts as to what X and Y should be. However, this is one of the matters to be consulted upon and the resolution merely describes the principle of this safeguard (i.e. the approval of “an appropriate proportion of the membership” which will be higher than for ordinary resolutions) rather than setting out what the approval levels should be.

If the approval level were set very high, then it might potentially be circumvented by changing the Rules (the DT's Constitution requires a two-thirds vote to amend most of the rules). So, another feature of the resolution is that the Board should also bring forward a rule which says that the new rules introduced to protect the stadium and club should not be changed without the approval of “an appropriate proportion of the membership”.

Although the sale of the club or stadium are of course the most direct and obvious way of separating ownership of these assets from the Trust, there are other actions which could potentially have these consequences – for example, reckless borrowing decisions which could result in the Trust or its subsidiaries being unable to service their debts and going into liquidation. One approach to dealing with this eventuality would be to place further restrictions on the powers of the Board, e.g. on entering into borrowings, granting security over assets and the like. The resolution therefore requires the Board to consider what further restrictions would be appropriate to cater for these eventualities.

The resolution also recognises that the restrictions will need to be qualified in some ways. For example, it is possible that there could in future be corporate reorganisations of the DT's subsidiaries which would not fundamentally alter the DT's interests. One example (not currently proposed) would be if AFC Wimbledon Limited and AFCW Stadium Limited were merged into a single company. Unless the rules are carefully drafted, it is possible that organisational changes such as this could be difficult to accomplish, because the level of member approval is set very high, even though they might be sensible in the circumstances and have no bearing on the fundamental interest of the Trust in preserving ownership of the stadium and club.

Another qualification is that, at the last AGM, a policy was approved relating to the sale or allotment of shares in AFCW PLC. That policy allows AFCW PLC to issue further “A Ordinary” shares and allows the DT Board to sell its holding of “A Ordinary” shares in AFCW PLC. However, it restricts the Board from selling any of the “Ordinary” shares that the Trust owns in AFCW PLC. It is through the Ordinary shares that the Trust is able to exercise shareholder control over AFCW PLC. Resolution 3 therefore preserves the powers of the Board to dispose of, or to permit the allotment of, A Ordinary shares in AFCW PLC in accordance with the above policy. A copy of the “Policy on allotment of shares in AFCW PLC” can be found on the Dons Trust publications section of www.afcwimbledon.co.uk.

The Board recommends that members vote in favour of Resolution 3.

And what does Resolution 4 do?

Consultation on the new rules will take some time. Resolution 4 therefore serves as a precautionary measure to prevent the Board from doing the things that Resolution 3 is seeking to prevent before the new rules are in place.

So, Resolution 4 says that the Board should not sell the stadium or club without the approval of the membership. It also says that the Board should take positive measures to prevent them from being sold. For example, if AFCW PLC proposed to its shareholders to sell the club, then (unless the DT membership approved otherwise) the resolution would require the DT Board to prevent this from happening (e.g. by voting against it at an EGM of AFCW PLC, or removing the Directors of the PLC, etc.).

In common with Resolution 3, Resolution 4 permits the sale or allotment of A Ordinary shares in AFCW PLC in accordance with the resolution passed at last year's AGM (see above).

Once the Board has consulted upon new Rules, as required by Resolution 3, and the membership has approved them, there is no reason for Resolution 4 to remain in place, since these matters will then be covered by the new rules. So, Resolution 4 will automatically expire once new rules are introduced in response to Resolution 3. Resolution 4 can also be revoked with the approval of the membership.

The Board recommends that members vote in favour of Resolution 4.

How do Resolutions 3 and 4 relate to the Strategic Review?

Members will be aware that the trust is conducting a Strategic Review of the Trust's Aims. This was announced following the approach by "Mr. Smith" during the course of the summer. Members might therefore ask whether Resolutions 3 and 4 are pre-empting the outcome of the Strategic Review.

The Resolutions do not pre-empt the outcome of the Strategy Review. They merely ensure that, if the findings of the Strategic Review were that the Trust should enter into a transaction covered by the Resolutions (e.g. to sell enough shares in AFCW PLC to dilute the DT's interest in AFCW below the level required to exercise absolute control), then the Board would need to come to members for approval of any such transaction. If this were proposed to happen before the new rules were in place, then the Board would need to present a resolution at an SGM, the outcome of which would be decided according to a majority vote. If the new rules were in place, then any such transaction would be dependent upon the approval of "an appropriate proportion of members" (see Resolution 3 above).

The Board considers that it is appropriate to pass Resolutions 3 and 4 even though the Strategic Review is not yet complete.

Resolution 5 (AFCW AGM agenda item 1)

Resolution 5 seeks authorisation from the membership for the Board to vote in favour of approving the AFCW PLC report and accounts at the AFCW PLC AGM to be held after the Dons Trust AGM on 18th December. This relates to agenda item 1 on the AFCW AGM, which reads as follows:

"To receive the company's accounts and the reports of the directors and auditors for the year ended 30th June 2006."

The AFCW report and accounts were not put to the DT membership last year. However, since the Dons Trust has a controlling vote in AFCW PLC, its report and accounts will necessarily be approved if the DT Board exercises the Trust's votes in favour of approval at the AFCW AGM. A number of members pointed out last year that it would be appropriate to give members a say in approving AFCW's report and accounts. Given that AFCW PLC is the Trust's major subsidiary, and since the Trust does not publish consolidated accounts which include the financial position of AFCW PLC, the DT Board is inclined to agree with the feedback from members on this issue and approval of the AFCW report and accounts is therefore being put to the DT membership for a vote this year.

Many Trust members are also shareholders in AFCW PLC and will be receiving a copy of the report and accounts direct from AFCW. To minimise excess printing, the AFCW PLC accounts are presented in a two page per sheet format. In the event that you have difficulty reading them in this format, please e-mail secretary@thedonstrust.org or leave a telephone message for the Dons Trust Secretary via the AFC Wimbledon office (020-8547-3528).

The Dons Trust Board is satisfied with the AFCW report and accounts and has resolved, subject to the outcome of Resolution 5, to exercise the Dons Trust's votes in favour of approving them at the AFCW AGM. **The Board recommends that members vote in favour of Resolution 5.**

Resolution 6 (AFCW agenda items 2 and 3)

Items 2 and 3 on the AFCW AGM agenda are as follows:

- “2. Re-election of directors appointed during the last year**
To re-elect (a) David Cox and (b) Rod Fraser as directors, who were appointed by the Board during the last year, and who, in accordance with the company’s articles of association, are now retiring.

- 3. Re-election of directors retiring by rotation**
To re-elect (a) Iain McNay and (b) Ian Cooke as directors; they are retiring by rotation in accordance with the company’s articles of association.”

The AFCW PLC Board currently comprises Ian Cooke, David Cox, Rod Fraser, Ivor Heller, Nigel Higgs, Marc Jones, Iain McNay and Erik Samuelson.

In accordance with AFCW PLC’s Articles of Association, some of these directors are due to retire by rotation and offer themselves for re-election this year (Articles 107 & 108). Some require to offer themselves to be elected, having been appointed to the Board by the Directors subsequent to the last AGM (Article 107). And some of them will be required to resign from the Board to the extent that they cease to be members of the Dons Trust Board (106.3). More specifically:

- Ian Cooke is retiring by rotation and offering himself for re-election as a member of the AFCW PLC Board. Ian is not a member of the DT Board, having been appointed as one of two independent directors.
- David Cox is submitting himself for election to the AFCW PLC Board, having been appointed to that Board, as a representative of the Dons Trust Board, subsequent to the last AGM. David’s membership of the Dons Trust Board expires at the end of the DT AGM unless he is re-elected in the forthcoming DT elections (in which he is standing as a candidate).
- Rod Fraser is submitting himself for election to the AFCW PLC Board, having been appointed to that Board, as Finance Director, subsequent to the last AGM. Rod is not a member of the DT Board and is not standing as a candidate for that Board.
- Ivor Heller’s membership of the Dons Trust Board expires at the end of the DT AGM unless he is elected in the forthcoming DT elections (in which he is standing as a candidate). Ivor is currently the Commercial Director of AFCW PLC. If he is not elected to the DT Board, then he will be required to vacate his position on the AFCW PLC Board.
- Nigel Higgs’ membership of the Dons Trust Board expires at the end of the DT AGM unless he is elected in the forthcoming DT elections (in which he is standing as a candidate). Nigel is currently the AFCW PLC director responsible for the Youth Development Programme. If he is not elected to the DT Board, then he will be required to vacate his position on the AFCW PLC Board.
- Marc Jones will remain as a director of AFCW PLC (and indeed as a member of the Dons Trust Board) beyond the forthcoming AGM without any further procedure being required.
- Iain McNay is retiring by rotation and offering himself for re-election as a member of the AFCW PLC Board. Ian is not currently a member of the DT Board, having been appointed as one of two independent directors. However, he is currently a candidate in the DT elections.
- Erik Samuelson will remain as a director of AFCW PLC (and indeed as a member of the Dons Trust Board) beyond the forthcoming AGM without any further procedure being required.

The Dons Trust’s Constitution requires that the majority of the Board of each subsidiary should comprise members of the Dons Trust Board. However, since it is not yet known (because of the DT elections) who will be the members of the DT Board after the DT AGM, and since it is not yet known whether the incoming DT Board will be willing to co-opt any of the people offering themselves for election to the AFCW PLC Board if they are not elected as members of the DT Board, it is not possible to anticipate precisely which combination of candidates will meet the above requirement. There is quite a large number of permutations

In the circumstances, the current DT Board is minded to address this manner in a pragmatic way by asking the membership for authority to exercise the Dons Trust’s vote at the AFCW PLC AGM in a way which steers the clearest possible path through the above maze. In so doing, the current DT Board anticipates that the incoming DT Board will hold a brief Board meeting between the DT and AFCW PLC AGMs (of which all election candidates are being informed in advance), after the DT election results have been declared, so as to decide the most appropriate course of action, taking into account the above DT Constitutional requirement, the need for continuity (whether transitional or otherwise) in the executive management of AFCW PLC and the need for a fuller discussion early in the New Year of the allocation of roles among the new DT Board. It is possible that this course of action might involve deciding to vote against the election of one or more of the people proposed for election to

the AFCW PLC Board, although this would be a procedural matter rather than a denigration of the suitability of any of the people proposed or an indication of any division in the views of the two Boards concerned.

This situation did not arise last year because the outcome of the election process was known in advance of the AGMs. A possible solution, in future years, would be to allow a sufficient interval between the two AGMs in order for the candidates for election to the AFCW PLC Board to be decided in light of the outcome of the DT elections. However, the practicalities of this (in terms of finalising the accounts sufficiently far in advance) are far from certain. This might be an area which the incoming Board or Legal & Constitutional working group would wish to address in future, in considering the structural relationship between the DT and AFCW PLC.

EXPLANATION OF DT BOARD'S REASONING ON OTHER AFCW PLC AGM RESOLUTIONS

A number of the items on the agenda for the AFCW PLC AGM (to follow the DT AGM on 18th December) are covered by the DT AGM resolutions described above. The following sets out, for information, the DT Board's position on other matters to be voted on at the AFCW PLC AGM.

AFCW agenda items 4 and 5

Items 4 and 5 on the AFCW AGM agenda are as follows:

- “4. Re-appointment of the auditors**
To re-appoint Proto and Co as auditors.

- 5. Remuneration of the auditor**
To authorise the directors to agree the auditors' remuneration.”

Members are being asked to approve the re-appointment of Proto & Co. as auditor of the Dons Trust under Resolution 2 above. These resolutions of AFCW relate to the appointment of Proto & Co. as auditor of AFCW PLC. It is the DT Board's view that, provided members approve the appointment of Proto & Co. as auditor of the Dons Trust, it is a matter for the Board to approve the appointment of the auditor of subsidiaries. Therefore, the Board has resolved to exercise the Dons Trust's votes in favour of this resolution at the AFCW AGM without putting this matter to a vote of the membership.

AFCW agenda items 6 and 7

Items 6 and 7 on the AFCW AGM agenda are as follows:

- “6. Authority to allot shares**
*To consider the following resolution as a special resolution:
That, pursuant to the company's articles of association, the directors be hereby authorised to allot further A ordinary shares up to the section 80 amount which for the purposes of this resolution shall be an aggregate nominal amount of £25,934, providing that such authority shall expire (unless previously reviewed varied or revoked by the company in general meetings) after the prescribed period which shall be twelve months from the date of this resolution.*

- 7. Disapplication of pre-emption rights**
*Subject to the passing of resolution 6 to consider the following resolution as a special resolution:
That, pursuant to the company's articles of association, the directors be empowered to allot further A ordinary shares up to an aggregate nominal amount of £3,500 at any time for the prescribed period of twelve months from the date of this resolution as if the statutory pre-emption rights in section 89(1) of the Companies Act did not apply to any such allotment.”*

These are special resolutions (i.e. resolutions requiring a majority of 75% of the votes cast by AFCW shareholders). Their purpose is to request authorisation (valid for one year from the AGM) for AFCW:

- to allot shares up to the full amount of the authorised but unissued A Ordinary shares; and

- to dis-apply pre-emption rights on up to 350,000 of these shares (i.e. £3,500 at a nominal value of one penny per share¹), i.e. to be able to sell them to parties (e.g. to the Dons Trust or indeed to third parties) without having to offer them *pro rata* to the PLC's existing shareholders.

For procedural reasons, the first resolution is required in order to permit the second resolution.

A policy on the allotment and sale of shares in AFCW was agreed at the 2005 DT AGM (for a copy please refer to the Dons Trust / Publications / Resolutions & Policies section of the club's website www.afcwimbledon.co.uk). Among other things, that policy says:

"It will be up to the PLC's Board to determine the circumstances in which to seek authorisation to allot, and then to allot, some or all of the remainder of the 5,000,000 authorised A Ordinary shares which have not been issued to date. Provided it considers the terms of any such request for authorisation appropriate, the Dons Trust Board shall be authorised to cast the Dons Trust's votes in favour of giving such an authorisation to the PLC Board. However, no authorisation shall be given to the PLC to increase the authorised share capital of the PLC without the consent of Dons Trust members in general meeting."

Given that the special resolutions being proposed by AFCW fall within the authorisation already given by the DT membership to the DT Board above, the DT Board has resolved to exercise the Dons Trust's votes in favour of these special resolutions at the AFCW AGM without putting this matter to a further vote of the membership.

¹ Please note: the 'nominal value' of a share is a value for accounting purposes only. There is no suggestion that AFCW would set a purchase price of one penny per share. All A Ordinary shares allotted by AFCW to date have been issued at a price of 60 pence, notwithstanding their "nominal value" of one penny per share.