

AFCW PLC Stadium borrowings

The new stadium at Plough Lane is to be financed from a combination of contributions from Merton Catalyst (the developer of the neighbouring residential development), equity (the current crowd funding), AFC Wimbledon's own cash resources (including from the sale of our current stadium) and borrowings.

	Total cost (£m)
Development costs	27
Other costs	3
Total costs	30
Less spend to date	(4)
Cost to complete	26
Funds available	
Balance of Merton Catalyst S106 contribution	13
Funding required	13

The precise make-up of the £13 million funding is not yet finalised. Ideally, we would raise £7m (the maximum amount allowed for a crowd funding) in equity, and the rest in debt. Selling £7m of shares would leave the Trust with [xx]% of the votes in AFCW PLC (i.e. higher than the 75% required by the authorisation provided by members last year) and would minimise the amount of debt we need to service, so conserving the cash flow for the playing budget.

Members have previously authorised borrowings of up to £7 million for the new stadium (this was approved at the 2015 AGM) and have confirmed (at the 2017 AGM) that this would be permissible notwithstanding that the amount borrowed may be more than two times AFCW PLC's equity shareholders funds.

Given that there is no assurance that AFCW PLC will raise as much as £7 million of equity, the boards consider it prudent to be ready, should the need arise, to borrow more than £7 million. Given the funding requirement of £13 million, and the minimum amount of equity that must be raised via the crowd funding of £2 million, the board is seeking authority to borrow up to £11 million.

If TWIOF were to borrow more than £7 million, then such greater amount of borrowings would either need to be serviced via an enhanced business plan (e.g. by using under-utilised space within the stadium to generate further revenues) or viewed as a temporary measure pending raising additional equity (after the crowd funding completes) or other forms of capital to replace an element of the borrowings. We are at present developing proposals for generating new revenue streams. They are at an early stage but nonetheless promising.

Increasing the amount that can be borrowed will require a Special Resolution of AFCW PLC. No date is currently set for an Extraordinary General Meeting of AFCW PLC to approve such a Special Resolution. However, it may potentially

need to happen quite quickly, and out of sequence with the Dons Trust's cycle of SGMs, and so we are seeking authority now from members to approve a higher level of borrowings.

The following is an ordinary resolution requiring a simple majority of votes cast to be in favour.

Resolution

To authorise the Dons Trust Board to cast the Trust's votes in AFCW PLC in favour of a Special Resolution that may be sought by AFCW PLC to increase the amount of borrowings permitted for the new stadium to £11 million.