

**The Dons Trust Board (DTB)  
Football Club Board (FCB), AFC Wimbledon PLC Board  
(AFCW), The Wider Interests of Football Board (TWIOF)**

**Minutes of Joint Board meeting held at 7.30pm on  
16 October 2019  
The Cherry Red Records Stadium, President's Lounge**

**DTB members**

Rob Crane (Vice Chair)  
Mark Davis (Chair)  
Colin Dipple  
Roger Evans  
Anna Kingsley  
Hannah Kitcher  
Jane Lonsdale  
Ed Leek  
Luke Mackenzie  
Cormac van der Hoeven

**In attendance**

Tom Rawcliffe (Club Financial  
Controller)  
David Gowns (Secretary)  
Roger Edmonds-Brown  
Terry Langford (Secretariat)

**AFCW PLC members**

Iain McNay  
Anna Kingsley  
Mick Buckley  
Mark Davis  
Roger Evans  
Ed Leek  
Joe Palmer

**FCB members**

David Charles  
Ivor Heller  
Joe Palmer

**TWIOF members**

Mark Davis  
Colin Dipple  
Joe Palmer  
Tom Rawcliffe

The joint board meeting had been convened to discuss whether or when TWIOF should enter into the Joint Contract Tribunal (JCT) for the stadium, with a value of £26.0 million **with Buckingham Group Contracting Ltd.** Mark referred to the paper he had circulated outlining the financing position and risks. Supporting papers included an indicative offer of development finance and the Club's Business Plan. Mark explained that, should the view be in favour of proceeding to sign the JCT, each of the boards would need to pass separate resolutions to that effect.

Mark outlined that the JCT was ready to sign and advised that there had been an **increase in costs of £100k-200k** including an amount for asbestos remediation.

## **Financing – Loan**

Mark recapped the position on financing. We had not received any formal offer of finance but had **received an indicative offer of a development bridging loan**. In the event we were to proceed with external investment, and wished to proceed with the JCT in the meantime, we would require this bridging loan in the interim before any funding was received from High Net Worth Individuals (HNWIs). Mark also advised that **servicing a debt of £10m over time was tight**.

Ed was concerned how committed the lender would be by January, which is when we require the funding.

In answer to a question from Anna about the timing of a definite offer of a loan, Mark said it was subject to a valuation of the stadium.

Mark said that no other concrete offers had materialised. There was also a sale and lease back possibility that we were investigating.

However, with the lack of other financing offers **it was agreed to continue to pursue the development bridging loan opportunity**.

## **Financial Position**

Tom presented the **AFC Wimbledon Stadium Finance Document**.

### **Page 2 -Stadium Cashflow**

In answer to a question from Roger, Tom confirmed that all the documents were now in place to start receiving payments from Merton Catalyst.

In answer to a question from Jane, Tom advised that there was nothing in the budget for costs from Brexit. Ed advised that the construction costs were fixed. The main cost was for steel which had already been ordered from a UK supplier.

### **Page 3 Key Figures**

This showed earnings before interest, tax, depreciation and amortisation (EBITDA) over a five-year period in League One and Two. It showed an **EBITDA in 2020/21 of £1m increasing to £1.4m in 2024/25**. The EBITDA had to service the loan interest and repayment. The difference between the League One and Two figures was the turnover and playing budget. Tom advised that these were the figures that would be shown to the lenders.

In answer to a question from Mick, Tom said that in the accounts the stadium would be **depreciated over 50 years**.

Iain said that the playing budget was lower than last year, so the chances of going down to League Two, either this season or in the future, were high, which Tom agreed with. However, Mark pointed out that after paying the loan interest and repayment there would be a surplus that could be recycled into the playing budget year by year.

### **Page 4 Loan Impact**

These figures showed the impact of a £10m and a £7m loan over 15 years. It was clear that a £10m loan was tight and that **a £7m loan was more achievable and was £1.6m cheaper over five years.**

Mark explained that in real estate it was much easier to get a term loan once the construction was complete, as there was not such an appetite for the risk of a development loan. So one possible strategy was to take a development loan and refinance it once the construction of the stadium was complete.

### **Business Plan (BP)**

Joe explained that the figures in the BP were quite conservative.

Rob asked about the progress of the stadium sponsorship and highlighted the previous difficulties in finding a sponsor. Ivor and Joe explained that a different route and people were being used to find the right sponsor and that the income in the BP was at the lowest they were expecting to achieve.

Mark summed up that the stadium budget **showed we need £11m** so we would **need to raise additional equity** by the time we reached completion. In answer to a question from Iain he advised that we could cancel the contract once signed, but we did not have any knowledge of the costs involved, as Buckingham had already placed orders with sub-contractors. If we realistically thought we might cancel the contract then we should not sign it in the first place.

The more we want to borrow means the more difficult it would be to raise that debt. We run a greater risk of whether we could fund the debt repayments.

Iain asked whether the directors could be **legally considered as negligent** if they signed the JCT when all the funding was not in place. Roger said that as a director of the PLC he would like some legal clarity on his position. Colin as a director of TWIOF was also concerned.

**Action: Ed to obtain legal advice from Brown Jacobson as to whether the directors are protected against negligence should they sign the JCT without the funding being in place.**

### **Financing – Equity**

Mark recapped that **we had raised just under £2.5m** from the crowd funding campaign and the club's direct approaches to high net worth individuals. This included funds already received of £250k from one individual.

There was potentially up to £7.5m of equity from three private individuals, if a deal could be agreed about governance.

Ed advised that we could not use the equity until the contract with Buckingham was signed.

Iain said that he agreed with Mick re the figures in the BP, and we needed to recognise that what the club had achieved so far, which was fantastic, was not going to get us any further without money coming in from outside. This would not just be required to complete the stadium but also to support the playing

budget for the next few years. If a HNWI joined one of the boards they would also bring invaluable business expertise. We need to recognise that as a fan owned club we have to change the structure. We need to produce a plan that would **reduce the DT ownership below 75% which would enable shares to be issued to HNWI's**. Roger agreed with Iain's stance.

Colin said that looking at other options such as equity from HNWIs would help show that the directors were not negligent in proceeding to sign the JCT.

Luke was concerned that if we reduced the equity of the DT, we would lose our unique selling point.

Jane asked whether we had fully exploited the Seedrs investments particularly taking into consideration the overseas investors. Joe said he was awaiting the final comparison of pledged versus actual payment received.

Jane noted that the DTB had discussed previously bringing business and football experts from outside but in the form of Non-Executive Directors.

Ivor reported that he had spent the previous Thursday with one of the investors, **who was not so much concerned about control but wanted it to be a proper investment rather than a donation, where there was a mechanism of realising their investment if they wanted to**. They wanted us to come up with a proposal that would achieve this.

It was agreed that we should negotiate to work out what an equity deal would look like. We would explore whether there were any halfway solutions, or interim arrangements, that tide us over with a smaller amount of equity and involve less significant changes to governance or control. But we would not wait to fail on all other approaches to finance before we work out what the more significant changes might look like.

**Action: Mark and Ed to talk to the investors and report back to the DTB. Strong guidance that this should be thought out before and put as a proposal, which would ensure the protection of the club's existing fan ownership model.**

If the result of the discussion with the HNWI was that there would have to be a reduction in the DT 75% ownership then members' approval would be required by way of a Restricted Action.

Mark asked the following questions:

- **was anyone willing to sign the JCT without the loan and additional finance being in place? No one on any of the boards was willing to do so at this stage.**
- **Did board members agree to approach the DT membership to advise them that to finance the stadium, we anticipate the need to make changes to the governance and reduce the club's 75% ownership to enable issuance of shares to HNWI who were willing to invest in the club?** All were in agreement; however, if the discussion

included a DTB recommendation to accept such investment, then Luke, Jane, Rob, Hannah and Cormac were against it.

Including a board recommendation in the paper to members was discussed. Allowing members the opportunity to discuss options was important, noting that making or not making a recommendation would affect the outcome of the members' vote.

**Action: Draft an approach on a Restricted Action process which would lay out the options to the DT members at the AGM on 9 December with a majority DTB recommendation as the least worst option, and saying: to build the stadium we are required to pursue other options, but the club may have to think about changing the club's 75% ownership model. The draft would be brought back to the DTB for approval, recognising that the recommendation may or may not make it into the final version of the paper.**

A Restricted Action requires 50% of the membership to vote and 75% must vote in favour, and the vote in favour must be 40% of the membership.

## **JCT**

Mark outlined the three options:

- **to sign the contract**  
this keeps the project on track so we would be playing at the new ground in the early part of next season
- **to postpone signature**  
a decision to postpone would delay playing at the new ground until much further into next season resulting in increased costs
- **advise Buckingham to stop work**  
make payment for works already completed with a possibility of remobilising at a later date

## **Mark recapped the following actions:**

- obtain legal advice that directors are protected against a negligence claim, in proceeding to sign the JCT without a commitment for all of the financing
- further information on the terms and conditions on the development loan, particularly if we do not draw down on it until January
- due diligence on the lender
- instruct valuation of the stadium
- have further conversations with HNWI's

**Everyone agreed if these five bullet points above were satisfied in two weeks the boards would be willing to make a decision by correspondence to sign the JCT.**

The boards should make the decision in the following order: DTB, PLC, AFCW and TWIOF.

Iain McNay and Mick Buckley left the meeting

**PART 2 – DTB & FCB ONLY**

**Wally Downes**

There was a discussion regarding the current situation with Wally Downes. In keeping with the agreement reached with Wally at the time of his departure, this discussion is redacted in full.

The meeting concluded at 23.58.

Signed on behalf of the DT Board.

A handwritten signature in black ink that reads "Mark Davis". The signature is written in a cursive style with a large, looped initial 'M'.

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Mark Davis, Chair