



## DONS TRUST FINANCIAL UPDATE: REFINANCING PLANS AHEAD OF APRIL 2022



### **INTRODUCTION**

Following on from our financial review at the end of the 20/21 season, the Dons Trust Board and AFC Wimbledon plc Board would like to update members and fans on the overall picture as the refinancing deadline approaches.

We wrote in June:

**“The most critical challenge facing the club and Trust is to refinance the £4.6m bridging loan by spring 2022.”**

This remains the case. The plc board, Dons Trust board and Finance Committee have been working on routes to achieve this and modelling different scenarios. The £4.6m bridging loan must be refinanced by April 2022.

We have a Plan A, which includes significant equity investment and is our preferred outcome. We also have a Plan B, which will require a larger commercial loan and/or require us to explore again crowd-sourced debt-funding, ie the Plough Lane Bond, to a significant degree.

PLAN A	PLAN B
Equity investment £2.6m	No major equity investment by Q1 2022
Commercial loan / Plough Lane Bond and other internal sources combined £2m	Plough Lane Bond and other internal sources £2m+
	Commercial external loan £2.5m (the lower the better)

The lower the debt burden we face (interest payments and cost of lending) then the more money from future profits can be used to fund the club’s everyday activities, including the playing budget.

And of course, the more the club finishes the fit-out of the Cherry Red Records Stadium and grows match day and non-matchday revenues, the better the financial picture becomes. This is the core operating focus of the club and plc.

There are, broadly, four sources of funding available and under consideration:

- A) Equity investment - *up to approximately £2.6m is available in the current equity structure while maintaining Dons Trust voting shares in AFC Wimbledon plc at 75%.*
- B) Cash inflows - *eg 25-year season tickets, debentures and profit from stadium activities in 2020-21.*
- C) “Friendly” debt - *ie Plough Lane Bond.*
- D) Commercial debt - *ie secured lending from commercial lenders.*

It’s obviously the case that the less commercial debt funding we require, the better off we will be.

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## **PLAN A**

- We are talking to an individual who is potentially interested in making a substantial equity investment, possibly similar to the stake taken by Nick Robertson. We currently have up to £2.6m of equity available for investment under the current structure, ie the Dons Trust voting share would be 75% after this investment was made.
- This could, if successful, reduce the refinancing burden to around £2m. We would hope that at least £1m of this could be covered by a further tranche of Plough Lane Bonds and the ideally the remainder could hopefully then be covered without needing to take out a further commercial loan.
- If we can complete the stadium financing and construction and go into 2022 without any external debt at all, this would leave us in a stronger position.
- If we end up needing a commercial loan for around or under £1m then we would look to pay this back as soon as possible so that as we moved into years two and three of our five-year business plan we were carrying little or no commercial debt. It should however be relatively easy to find a small loan from the commercial market.

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## **PLAN B**

- If we do not conclude a significant equity investment by early 2022, with this individual or any other investor, then it's clear we will need to raise more of the £4.5m through other means.
- We would in that instance look to push Plough Lane Bonds harder and hope to progress them beyond a further £1m and get closer to £2m. We are currently looking at mechanisms to achieve this. We are well aware that the financial pressures on fans have changed significantly since the launch of the Bond so we do not expect a second round of marketing to match the amount raised in the first instance.
- We would also continue to maximise any other routes to reduce the funding shortfall - including the 25-year-season tickets and other cashflow possibilities. Our aim would be to reduce the amount needed through a commercial loan to a maximum of £2.5m.
- The finance committee are conducting exploratory work in the debt market for potential commercial lenders, mindful that the amount needed, and the debt to asset value ratio (ie the amount we need to borrow compared to the overall value of the club) is yet to be determined. We currently believe that up to £2.5m funding could be available, but the interest payments will be significant - potentially around £200k or more annually, which affects our operating budget.
- The more we can fund from other sources, the better. And wherever possible we would rather owe money to members, fans and others supportive parties through the Plough Lane Bond than through commercial lending. This is both because the repayment terms are better for the club in terms of interest and redemption dates, but also because another commercial loan would be secured against the stadium. And if the club has to pay interest then it is much better that it is to our members and supporters.

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## **CONCLUSION**

We are still in negotiations with the private investor mentioned in Plan A. We very much hope these negotiations will progress well in the next few weeks. We will keep members updated and bring you more information as soon as we can - including of course their name. In terms of process, any investment would ideally be brought to members for ratification / approval at the Dons Trust AGM in December. Refinancing ahead of the April deadline will be a key item on the AGM agenda for discussion and update.

For now, members are reminded that the Plough Lane Bond remains open, as does the 25-year season ticket offer (which can be transferred, bequeathed or gifted). Whilst potential interest in ten-year season tickets has been noted during sales discussions of the 25-year season tickets, there are not currently plans to launch another product.

Should any fans have any further avenues for significant equity investment or debt funding they think the finance committee should be aware of, they should email the Dons Trust Treasurer and it will be submitted to the committee.

On behalf of the Dons Trust and AFC Wimbledon plc boards  
4th November 2021