

OPEN LETTER FROM WIMBLEDON FANS / DONS TRUST MEMBERS

“50 Questions”

Call for further information in advance of Dons Trust SGM re Stadium Financing Summary and “Option Four” Outside Investment

To: Joe Palmer and the AFC Wimbledon board
Mark Davis and the Dons Trust board

27th November 2019

Dear Joe, Mark and your respective boards,

Following the agenda and stadium financing paper issued by the Dons Trust Board two days ago, this open letter is an urgent request for further clarification and information in advance of the meeting on December 9th, so that Dons Trust members can come to that meeting better informed and better able to contribute to a debate about ways forward given the very short timeframe made explicit in the letter.

We are shocked and dismayed by the additional club statement issued yesterday evening which appears to contradict aspects of the Dons Trust letter, refers to a different number of very different presented “options” and pre-judges the outcome of the Dons Trust consultation in highly loaded language.

It is deeply insulting only a day after receiving the Dons Trust Board letter to read that the club considers there are only three “options” and strongly indicates only one of these is viable - namely outside investment. It does not specify what level of control these investors would require, nor provide any justification for so strongly prioritising the view of the “outside consortium” over what had been announced only the day before as a consultative exercise of the club’s current owners and founders, namely its fans as Dons Trust members.

If the club are so convinced that outside investment is the only sensible route, then the answers to questions 26 - 50 regarding this apparent group of outside investors and the new structure they are demanding are urgently required. This cannot be debated in a vacuum.

The undersigned includes Wimbledon fans and Trust members of long standing, many of whom have been involved with fan campaigns dating back to WISA in the 1990s and who have worked with, for or alongside the club and the trust since 2002. We have tried to canvas opinions quickly as widely as possible to represent as many fans’ views and concerns as possible.

This list is not meant to be exhaustive and contain all the concerns we have heard mentioned already, but it’s a necessary step to gain more information in order for a timescale to address specific proposals to have any hope of achieving a resolution.

We believe that the decisions that the FCB and DTB have taken over the last five years, both actively and by omission, that have led us to be surprised by this letter need to be investigated fully, both in the interests of transparency and to inform better governance in future. However, given the time pressure we have collated questions about the past and the present/future separately below.

We request a point-by-point response to these issues raised, clarifications asked for, and questions posed. This response needs to be made by representatives of the FCB, the DTB and the Stadium Working Group as appropriate.

Given the shock this sudden news has given fans and the further confusion generated by the club statement, we strongly recommend an on-camera moderated conversation or interview video piece involving FCB and DTB members, eg potentially Joe Palmer for the FCB and Mark Davis for the DTB. This would allay fan fears and should explain further what the background is behind these statements and what has been taking place already in terms of discussions with outside investors.

We also feel fans deserve an explanation of the discrepancies between the DTB letter and the club statement.

When compiling this list of questions and concerns, we made the following base assumptions according to a quick canvassing of a range of fan views, especially with regard to any potential routes that looks to raise outside investment in return for ceding control:

- **There will not be enough support for a restricted action (via the two votes required under DT rules) of selling more than 49% of shares in the club controlling entity.**
- **Fans (undersigned and in general) currently have a range of views along a spectrum from not wanting to change anything and the DT retaining 75 per cent control, through being happy to sell SOME amount of shareholding and interest to potentially being happy to sell up to 49% of shareholding and control.**
- **It therefore follows that if the investors mentioned by the DTB under “option 4” want their changes to include having more than 50% control of the central club entity, we think any such proposal is a non starter and will not pass the DT requirement of 75% at a vote. It would therefore be a waste of the limited time remaining to pursue or put forward such an option.**
- **In the light of the club statement on the evening of 26th November we suggest that the fanbase need to know immediately if the outside investment proposal assumes the DT ending up in a minority role.**
- **We do not know currently if a proposal to sell up to 49% of control to be passed (with the 75% threshold for the first vote etc) would pass. But we do know that it can only even be considered and debated with much greater clarity and transparency than provided in the DTB initial letter and club statement.**

Given the timescale of apparently needing a decision before the end of January we therefore suggest further information and answers to these questions need to be made public and given to the DT members before the meeting on 9th December.

There is at this stage little point spending the 9th December seeing what individual members would consider to be the ideal structure for the football club and DT. That would have been an excellent debate to have had when we had time to do so, but it would currently be a waste of time on hypotheticals when we need to understand and debate concrete proposals.

The only way it seems that the club and Trust would be able to facilitate a wider and more detailed debate would be to buy time by securing a short-term loan option (around the lines of “option 1”) to cover the 11 million shortfall for long enough for the Buckingham documentation to be signed, work to start and the debate to take place, on the understanding that the restructured entity would have to act swiftly to replace the short-term funding / loan with whatever new model of investment or funding was agreed. We are aware that currently the DTB and FCB are advising that such a short-term route has not yet been found.

The timescale for reflection, discussion, and decision making is incredibly tight. The fundamental requirement that the club needs to have a stadium in which it is able to play home matches in August 2020 means that the members are now being asked to make a massive decision about the club’s future in a very short timescale.

Ideally this timescale should be extended to provide time for all the ramifications to be fully understood and we think the members need a much fuller explanation of why matters have become so desperately urgent after years of being told funding would be in place.

We are also concerned that the spectrums of opinions will prove divisive among the fanbase, at meetings, on social media and in discussions.

The club and the DTB need to take steps to try to mitigate these risks of divisions by providing as much clarity and transparency as possible over the next two months of decision making and ensuring all members and fans are fully informed and consulted.

We have broken down the questions into general issues arising, historical clarifications and then finally more detail about “option 4” since the DTB letter and the club statement suggest this route is what the club are already actively pursuing.

As a collective of fans and members we hope that the Trust and club will be able to provide more details as soon as possible. And we hope that this will help to focus the conversation ahead of the 9th December meeting. Unfortunately the Dons Trust constitution does not allow members’ resolutions to be submitted between the date of the issuance of the letter and the meeting, nor are members able to submit amendments from the floor during the meeting.

We therefore encourage the Dons Trust Board (and the FCB) to engage with the substance of this letter and the concerns raised in good faith, using a little leeway around the constitutional restrictions if required, in order that fans can be more fully informed to facilitate a better discussion. We urge all fans who are able to attend the 9th December meeting to do so.

Initial signatories:

Ben Adams
Mick Adams
Ray Armfield
Mike Arrowsmith
Bex Bellingham
Joe Blair
Peter Bowles
Dave Boyle
Andy Brassell
Stephen Buck
David Bugg
Lou Carton-Kelly
Stephen Chandler
Jertzee Dabrowski
Karen Dorney-Francis
Nick Draper
Sean Fox
Nicole Hammond
Nigel Henderson
Mark Hendrikx
Nigel Higgs
Pete Hotchkiss

Marc Jones
Gary Jordan
Rob Lowe
Matt Lowndes
Ian Marriott
Colette Mulchrone
Hazel Potter
Arash Rezai-Karimi
Kevin Rye
Anthony Sirkett
Russell Smith
Kris Stewart
Charlie Talbot
Maggie Talbot
Philip Talbot
Chris Thorpe
Graham Timms
Samuel West
Xavier Wiggins
Lee Willett
Tom Woolgar

Attached:

- 50 Questions for the FCB and DTB to answer
- Appendix: short summary of the ten key issues and questions

OPEN QUESTIONS FOR THE FOOTBALL CLUB AND DONS TRUST BOARD RE STADIUM FUNDING UPDATE, OUTSIDE INVESTMENT INTEREST AND POTENTIAL CLUB & TRUST RESTRUCTURING

GENERAL QUESTIONS

- 1) As members we are highly concerned about the very short timeframe for a massive decision to be made before the end of January. What options are there to extend this timeframe, either with a short-term funding solution, or else by putting in place alternative arrangements (eg groundshare) for the club for the start of the 2020 season and therefore postponing the completion and opening dates for Plough Lane? What has been explored to allow the membership more time to approve any potential new club structure?
- 2) Why have the club issued a statement that contradicts the Dons Trust letter in certain areas and why was the Dons Trust statement timed to be sent two days after the conclusion of the election process? Who was responsible for the club statement and was it approved by the Dons Trust Board?
- 3) Is there a risk that Buckingham walk away from the project if they feel that we are making the “wrong” choice? Presumably they have a responsibility themselves to avoid projects which might collapse in terms of funding?
- 4) a) If a loan of 11 million pounds is proving difficult (or impossible) to obtain as per the original plan, what amounts are possible?
b) For example, would a loan of 5 million be likely, if the 6 million gap is found through equity financing or investment other than debt financing?
c) What are the parameters based on the negotiations and discussions so far?
d) What is the maximum loan we have been offered and on what terms?
- 5) Have the FCB and DTB consulted with fans and interested parties who work in finance about other routes to supply the 11 million (or part thereof) through funding and financing routes that don't resemble standard mortgage or debt financing routes? We know of at least one fan who approached the club with a proposal along these lines who has never had a meeting so we would like to know what avenues have been explored here and can be explored urgently now?
- 6) (DT OPTION TWO) Why is no further crowdfunding route permissible for 12 months? Was this a condition of doing the first crowdfunding through Seedrs?
- 7) (DT OPTION TWO) Why can a community share issue not still be made, as was the original stated intention?

- 8) (DT OPTION TWO) Why did the FCB and DTB delay so long before announcing the crowd funding? Why did they decide to go down the Seedrs route rather than a community share issue? The Back in Two Ticks documentation (September 2015) stated the club would pursue both a bank loan and a community share issue. What happened to this plan and why did it take four years for any crowd funding to start even as the funding gap grew?
- 9) Are there any concerns that an attempt to raise a different kind of investment that gives some form of control to other investors under “option 4” undermines or contradicts the statements made in the invitations to invest given through the Seedrs process? What likelihood do the DTB and FCB place on some Seedrs investors requesting the withdrawal of their investment given this material change to circumstances? Do they have any suggestions or proposals to mitigate this risk?
- 10) Is there a risk to the Seedrs’ crowdfunding money in toto, given this extract from this extract from the call for investment: *“The club is working towards finalising the contract for the construction of the stadium, including taking steps to satisfy itself that the proceeds of the equity raised, taken together with the debt finance it is seeking and other resources available to it, will be sufficient to cover its commitments under the construction contract with Buckingham Group Contracting Limited. The funds paid by investors to Seedrs as part of the crowd funding will be held by Seedrs until the construction contract with Buckingham is signed.”*
- 11) (BASIC STADIUM OPTION)
- a) Please can you provide a detailed breakdown of the additional £10m of works that are required for the full phase one version of the stadium.
- b) Can you provide more details of what the “rudimentary” design of the £22m stadium option would look like?
- c) Would it meet EFL standards?
- d) What does a “very basic” fit out of the West Stand entail/not entail?
- e) If a rudimentary stadium was developed, what are your projections for our annual playing budget, and how does that compare with our current playing budget and those that we had when we were in League Two?
- 12) Have we approached Merton Council for a loan as local authorities have aided other community sporting assets?
- 13) Do we currently have an agreement with a brewery for the pub that was due to be built into the design? They often make loans for fitting out venues.
- 14) Why have we not explored further long-term loan possibilities from within the fanbase or other investors outside of commercial lending, especially if allied to an understanding of how much could plausibly be borrowed commercially with a specific targeted shortfall to address? Have we explored a number of

smaller loans from fans aggregating to a significant percentage of the shortfall?

HISTORICAL ISSUES

15) Given this statement from the BITT documentation (2015) what reasons do the FCB and DTB give for not raising these significant problems to the fanbase for so long? And why has this undertaking been broken?

It is the intention of the Football Club Board and the Dons Trust Board that all the necessary funding is committed by the time the club enters into a binding contract for the construction of the new stadium. As noted in Section 3, AFC Wimbledon is not obliged to proceed with the sale of Kingsmeadow until it is satisfied that it is or will be sufficiently certain of the cost of delivering the new stadium and that it has sufficient financial resources to meet that cost.

16) Can the DTB provide information as to how the expected project finances have changed since the opportunity for the club to return to Plough Lane first arose?

17) When did the DTB and FCB know the total shortfall needed was approaching £11 million and no longer likely to be an amount that could be borrowed on the plan currently in place and stated publicly?

18) What were the headline figures of expected build cost and expected finance available at the key moments in the process - especially related to Dons Trust board discussions and member interactions (Back in Two Ticks campaign, launch of crowd-funding etc)?

19) Why have the club waited until the eleventh hour to ask for donations?

20) Can the FCB and DTB present clear and thorough details of how the current funding has been sourced and whether any of it is at risk?

21) Is it true that, at one stage, as has been rumoured, Galliard were prepared to build a stadium for the club to take ownership of? If so, where are any minutes from when this was discussed and why was it ruled out? And if this did happen, why were the members not given the option to discuss and decide?

22) Why or how did we not seek the loans before we started the construction process?

- 23) Who decided and approved the decision to top up the playing budget from the Stadium Contingency Fund? And why?
- 24) Who decided and approved the decision to gift Kingstonian £1m? And why?
- 25) Why has there not been any consultation process with members or fans at all about the new stadium, despite promises being made since 2014 that this would happen?

DT SUMMARY OPTION 4 - EXTERNAL INVESTMENT

- 26) Who are these potential investors?
- 27) What major changes do they want? And why?
- 28) How much capital are they willing to provide? And on what terms?
- 29) What return are they expecting on their investment?
- 30) Why didn't any of these investors stand in the recent DTB election?
- 31) Why didn't these investors invest via the Seedrs crowdfunding?
- 32) What specific aspects of the way in which the club is currently run do the prospective external investors dislike?
- 33) Who from the football club and Dons Trust Board has already met these investors and what discussions have been had with them?
- 34) What due diligence has the DTB carried out on these investors?
- 35) To what degree are DT members able to carry out our own "fit and proper person" test?
- 36) What past involvement have these investors had in football clubs in general and in Wimbledon FC or AFC Wimbledon in particular?
- 37) What is the level of ownership that they require, and what is it ownership of?
- 38) Would this investment be directly in AFCW Plc?
- 39) The club statement says these investors "would also expect a substantial say in how our business is run" - what does that mean in operational and shareholding terms?
- 40) The club statement refers to "a more independent board with both investor and Dons Trust representation" - does this mean the Dons Trust (and its members) have any control over this board or not? Is this the plc board?

- 41) What does “a more independent board” mean? How much autonomy would this board have and how exactly would it be comprised and take decisions?
- 42) In broad summary how much control (compared to the de facto 75% currently) would the DT maintain? Given the club statement only refers to control over “any future decisions to relocate or rename our club... and veto over any sale of the land, ground or Stadium” - what other control would the Dons Trust retain?
- 43) What do the AFCW PLC articles of association say about the number of shareholders needed to vote in favour of different resolutions (e.g. what sort of vote requires 75% of shareholders to vote in favour and what sort of vote requires just a simple majority)?
- 44) What scope is there for the DT to buy out the investors in future?
- 45) What protections can we have in place to ensure control is never diluted further, especially beyond 51%?
- 46) What lock will there be on these investors being able to sell on their shares?
- 47) Can the Dons Trust Board confirm that as a restricted action any change to facilitate the outside investment referred to in option 4 would require two votes, the first of which would need 75% of votes cast in a 50% turnout, with over 40% of total members voting in favour?
- 48) When would the first and second votes be held if the end-January timescale for a final decision cannot be altered?
- 49) What is the DTB’s contingency plan if the votes do not get the numbers required under the constitution and we reach the end of January without a new structure in place and outside investment not secured or a loan in place?
- 50) What is the cut off for joining the DT before taking part in any vote and what protections are in place to prevent a hostile attack through loading the membership with those in favour one way or other when a concrete proposal is brought?

APPENDIX:

SUMMARY - TEN KEY ISSUES

- 1) We do not believe any proposal that dilutes DT control below 51% will pass the membership voting threshold required (75% with 50% turnout in vote one).
- 2) What other routes to covering the £11m shortfall in funding have been explored beyond commercial lending and the Seedrs crowdfunding?
- 3) What level of voting control (as a percentage) are these apparent “outside investors” looking for?
- 4) Who are these outside investors?
- 5) How much would they invest and on what terms?
- 6) What discussions have already taken place with these potential investors?
- 7) How can we ensure the Dons Trust members are given enough time and information to make a decision of this magnitude?
- 8) How would the organisation chart of the Dons Trust and club entities and shareholdings look under this new proposal?
- 9) What does the club statement mean by a “smaller stake” for the Dons Trust? And what are the “sustainable loan amounts” referred to?
- 10) We cannot wait for “options to be mapped out over the coming weeks” - members need information as soon as possible & certainly before the SGM.