Dear Shareholder

Proposed loan from Barclays Bank PLC

Enclosed with this letter is a notice inviting you to an Extraordinary General Meeting of AFCW PLC, to discuss the following resolution:

That, subject to the receipt of written confirmation from appropriate Dons Trust bond holders in relation to deferring their right to repayment of their bond, and the satisfactory negotiation by the directors of AFCW PLC of acceptable terms and conditions with regard to the proposed loan, the directors of AFCW PLC be hereby authorised, pursuant to article 98.2 of the company's articles of association, to enter into loan facilities with Barclays Bank PLC up to a sum of £600,000, secured by a fixed charge over the leasehold interest of AFCW Stadium Limited in The Fans' Stadium - Kingsmeadow.

I write to explain the proposed loan and the issues around it. I hope you are able to make the meeting.

The Proposal

That the board of AFCW PLC be empowered to:

- accept the offer of a credit facility of up to £600,000 with Barclays, secured via a charge on the ground
- draw down on this facility over the coming months as needed to the tune of a total of approximately £400,000 to repay in full the debt owed to Mr Khosla, clearing his charge over the ground
- draw down further amounts up to the £600,000 total to enable further purchases, such as the potential purchase of the perimeter lease, only as approved in advance by the board of The Dons Trust. For the avoidance of doubt, each draw-down would need prior approval from the board of The Dons Trust.

Background

As members know, following our acquisition in 2003, the long leasehold interest in the stadium is owned by AFCW Stadium Ltd and that company owes money to Mr Khosla. Over the time since the acquisition, due to the share issue and the fundraising efforts of The Dons Trust, we have reduced the amount outstanding from £2,400,000 to approximately £400,000.

Interest is charged on the Khosla loan at base rate plus 5% points, currently 9_%. Since we took on the loan we have been searching for a means of obtaining cheaper finance.

The Offer

We now have an offer of a loan from Barclays. The facility on offer is of up to £600,000 and is available to be drawn down in varying amounts over the year from when we take the first amount.

This loan would be repayable over 10 years at an interest rate of base rate plus 2.5% points, currently 7_%. Additional repayments may be made at any time without any penalty.

Other conditions apply to the loan. Barclays have already obtained a satisfactory valuation of the stadium to support the loan. They require the security of a charge over the ground, as Mr Khosla currently has. They also require that AFCW PLC, AFC Wimbledon Ltd and AFCW Stadium Ltd provide cross-guarantees – this simply means that all three companies within the AFCW Group would be responsible for the loan.

The other noteworthy condition is in the form of a financial covenant. Under the proposed agreement, we would promise that in each year of the loan, our cash flow would be at least one and a half times our debt service.

Our cash flow in this instance means our profit, adjusted for non-cash items such as depreciation on capital assets, added to the funds raised by The Dons Trust and passed to the PLC. Our debt service is simply the payments to be made to Barclays.

We are confident that we would meet this measure in the first year, according to current forecasts, and we believe that we will be able to manage our finances in future years to ensure that we meet this promise.

The significance of this covenant is that it is a condition of the loan and therefore should we fail to meet this level, Barclays would be entitled to call in the loan. Although it is theoretically possible for this to happen even while we are making all the required repayments, our advice and our belief is that this is very unlikely indeed.

The Issues

<u>Risk to the stadium</u>

The Khosla loan agreement contained no "drop-dead" date, by which the sum borrowed had to be paid back. As long as we pay the interest, the ground is not at risk.

Under the terms of the Barclays loan, the charge over the stadium could be exercised if we fail to make the agreed repayments. It could also be exercised if we fail to meet other obligations under the loan, in particular breach of the financial covenant discussed above.

Although, as stated, the directors believe that the repayments can be met and the covenant can be adhered to, this is a change in the level of risk and shareholders must decide for themselves if they are happy to accept this.

<u>Affordability</u>

Repayments would consist of both capital and interest. Capital repayments due on the existing level of borrowings (i.e. up to £400,000) would continue to be met through the fundraising activities of The Dons Trust, with the interest element being met from the football club. Responsibility for any additional borrowings (i.e. the £200,000 which is not needed for repaying Mr Khosla) would be decided in conjunction with the Dons Trust Board at the time that further drawings were approved. In assessing the affordability of the repayments, the directors have taken into account the current year's budget for fundraising from The Dons Trust, of just under £100,000, and the commitment of the board of The Dons Trust to maintain fundraising at a similar suitable level in future years to support repayments.

There is a significant issue in future years, in that £202,000 of Dons Trust Bond monies are due for repayment in 2008 and a further £77,000 in 2009. A significant proportion of these repayments would have to be deferred for the Barclays loan to be affordable (indeed, there would be a serious issue about repaying the £202,000 even without the loan).

Informal discussions with holders of a large proportion of these Bonds indicate that such a deferral could be made. This would need to be formalised to our satisfaction before any loan could be taken out.

Note that the proposal – and the resolution – authorises the PLC board but does not commit it to doing so. We will review our situation carefully and if any circumstances have changed we may decide not to proceed.

Cost savings

In the first year, taking into account the up-front loan costs and the interest savings, the overall effect on profit will be negligible.

The cost savings in future years are not substantial. We are saving 2.5% on a reducing balance which is a maximum of £400,000. So annual savings will be less than £10,000 and will reduce over the time of the loan.

Track Record

Finance Director Erik Samuelson, the Finance Working Group and two different firms of intermediaries have been working on this project since July 2003. In that time we have approached 17 institutions and have been turned down at various stages by 16 of them. Many simply will not do any loan business with a football club, after the poor financial record of a number of clubs over recent years.

There will come a time in the future when we are in need of loan finance – required significant building works at the stadium being the most likely situation. When that time comes, as it surely will, we do not want to be back at the beginning of a three year process, with no guarantee of obtaining a loan offer.

Having obtained and repaid a loan from Barclays will establish a track record for us which, we hope, will enable any future applications for finance to be examined on their own merits and not dismissed simply because of our status as a football club.

Conclusion

At its most recent meeting on Thursday 23 February the AFCW PLC board voted unanimously to recommend to shareholders that we go ahead with the Barclays loan, subject to the issue with the holders of DT Bonds being resolved satisfactorily.

We make this recommendation believing that the risks are acceptable and that the loan is affordable. While acknowledging that the cost savings are not significant, we believe the establishment of a credit record will prove invaluable in enabling the progress of our club towards reaching our aim of regaining Wimbledon's place in the Football League.

Kris Stewart
On behalf of the board of AFCW PLC
7 March 2006