

**AFC WIMBLEDON'S  
COMMUNITY STADIUM**

**Business Case  
September 2013**

# AFC Wimbledon's Community Stadium The Business Case

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- 1) AFCW PLC balance sheet at 30 June 2012
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## **1. Executive summary**

### **1.1. Background**

- 1.1.1. The AFC Wimbledon story is well known across the football world. It is a story of fans who refused to take a misguided decision lying down, believed passionately that a club belongs in its community, and decided to re-form their club and return it to its home in Wimbledon. AFC Wimbledon is a club which is thoroughly integrated in and committed to being a positive force for all the people within its community. A new stadium for AFC Wimbledon is not a property deal, nor is it to feed a millionaire's ego: it is the logical conclusion of football fans working hard for what they believe is for the good for the wider community.
- 1.1.2. The romance of the AFC Wimbledon story is underpinned by its fans' determination to make their football club sustainable, avoiding the excesses that have led other clubs into financial difficulty. The proposed return to Plough Lane in a new stadium is underpinned by the same ethos and a desire to secure the Club's long-term future.

### **1.2. Why does AFC Wimbledon need to move?**

- 1.2.1. AFC Wimbledon's current home, Kingsmeadow, was not designed as a Football League stadium. Its effective operating capacity of 4,850 is constrained by its footprint and cannot be expanded any further. To convert the existing terracing to seating – which is mandatory in the Championship, our strategic destination over the next five to ten years – would reduce the capacity below the minimum required for Football League membership.
- 1.2.2. With prudent management we believe we can achieve promotion to League One within the next three years. However, with limited capacity and little opportunity to generate further income from Kingsmeadow both on matchdays and non matchdays, that is the highest level to which we could realistically aspire. Despite these constraints, the Club continues to operate as a fans-owned club in a financially sustainable way. While this is admirable, and unusual in the world of football, the absence of a 'sugar daddy' means that any significant further investment in the team requires the opportunities afforded by a new stadium.

### **1.3. Financial impact of the new stadium**

- 1.3.1. Our further growth should be organic, so we will start with a smaller, but scalable, stadium with a capacity of about 11,000. Even with this initial capacity, significant improvements in turnover and profitability are forecast, based on attendances increasing by about 50%; high-quality hospitality facilities via corporate boxes, hospitality suites and premium seats; and significant non-matchday revenue from conference/banqueting. Cautious forecasts for Year 1 in the new stadium predict turnover increasing to £4.95m, but more importantly in the longer term the stadium and facilities will attract new fans, grow the Club's revenue and enable the Club's current sustainable business model to continue to be effective.
- 1.3.2. Furthermore, the development of the new AFC Wimbledon stadium will generate substantial immediate direct and indirect economic benefits as explained in section 4.4.

#### **1.4. Community activities**

- 1.4.1. There will be substantial social benefits from the community activities of the club. These activities are not new, nor are they expediciencies to support a return to Wimbledon; we have always stayed close to our home community and Section 3 sets out a selection of the wide range of activities we have carried out in our home borough, since very shortly after we were formed.
- 1.4.2. A new stadium will make us more closely linked to the communities we already serve, provide easier access to the Club for those communities, and simplify the expansion of the services we already provide.



*AFC Wimbledon manager Neal Ardley talks to Street League Academy students (Section 3.1.2)*

#### **1.5. New stadium/capital funding**

- 1.5.1. The proposed new stadium is the largest component in the strategy of investment in the Club's infrastructure and the most important factor in addressing the need to increase earning power and maintain long-term sustainability. To achieve this, the Club has entered into an agreement with Galliard Homes Limited to work together on the development of the wider Plough Lane site on which a new stadium for AFC Wimbledon will be built.
- 1.5.2. The proposed stadium is designed to expand as we progress. From an initial capacity of 11,000 it will grow to about 20,000 in clearly defined stages, all of which have been developed as part of this submission.
- 1.5.3. Funding for the stadium will come from receipts from the sale of naming rights to the new stadium, a Community Share issue, and a contribution from enabling development.

**1.6. Conclusion**

- 1.6.1. AFC Wimbledon has made extraordinary progress since 2002, when the fans had no club, no team, no manager and no stadium. The Club is now looking to take the next step in its growth by building a new stadium in its home in Wimbledon. This document and the underlying analysis and research show that a new stadium on the Plough Lane site is viable and will help the Club to thrive.
- 1.6.2. The Club has been playing in Kingston since it was formed, but has maintained strong ties with Merton and demonstrated its commitment to community involvement. The development of a new Plough Lane stadium for AFC Wimbledon will provide both a long-term sustainable home and a larger base from which to continue to deliver and grow these community activities.
- 1.6.3. It is time that Wimbledon had a Football League team in Wimbledon again. As this document demonstrates, that is a viable proposition.

## 2. The vision

2.1.1. The AFC Wimbledon Community Stadium will be much more than just a venue for professional football. As part of the development of the wider Plough Lane site, working in partnership with Galliard Homes Limited, the vision is to:

- Build a high-quality 20,000-seat stadium suitable for, ultimately, Championship-level football
- Make this stadium an integrated part of the wider Plough Lane development which will become a destination and a catalyst for further development in the local area
- Generate income to secure the long-term sustainability of AFC Wimbledon while maintaining affordable pricing
- Enable the AFC Wimbledon Foundation (see section 3.1) to provide a range of activities that will:
  - Attract all age groups from all sections of the local communities
  - Promote sporting participation, education, social inclusion and health
  - Provide employment for the local community
- Build close links with local businesses and residents.

2.1.2. As part of the sporting intensification of the Plough Lane site, AFC Wimbledon is open to considering other options, for example a rugby club sharing the stadium, but this business case demonstrates the viability of a new stadium even if it is for AFC Wimbledon alone.

## 3. Community Focus

When the FA Commission agreed to allow Wimbledon FC to move to Milton Keynes, the fans refused to accept it because we believe that a club is an integral part of the community. The Club is owned by its fans, and so this philosophy has been at the heart of its Aims since 2002, since when the Club has worked tirelessly, within its means, to maintain and even grow that link. So it is right that the detailed document should start with a statement of what we have been doing, and what we aim to do, in Wimbledon – our home.

### 3.1. AFC Wimbledon Foundation

3.1.1. The AFC Wimbledon Foundation, a charity, is in the process of being formed and will be launched in the next two months. It will subsume all the community activities that are currently carried out through a combination of the AFC Wimbledon Community Football Scheme and a group of volunteers.



*Marie Miller, from High Path Day centre, sets off on her charity run, leaving Dons keeper Seb Brown trailing in her wake*

3.1.2. The list of recent community activities, which are mainly in Merton, is very long and wide-ranging, and not easily summarised. However, it includes:

- Sports participation, including: After School Clubs; Saturday Football Club; Holiday Football Courses; The Football League Kids Cup; The Football League Girls Cup.
- Education, including: The Stadium School Mathematics Project to interest young people in maths by using football situations to catch their interest; The Football League ‘What’s Your Goal?’ competition for young people to help them identify their personal attributes as part of thinking about a career; and literacy initiative days at local schools
- Social inclusion, including: working with the Street League Academy with the aim of reducing the number of 16- to 25-year-olds who are currently not in education, employment or training; a range of activities such as the Big Blast Band where learning disabled people were taught to play musical instruments and then performed at half-time at a home game; and many similar projects



*The big blast band with players in the recording studio*



*The ‘Chariots of Fur’ AFC Wimbledon mascot charity race*

- Health, including: Blood Pressure Awareness Day; Prostate Cancer Awareness Days; Walking Football, combined with guidance on exercise and dietary advice
- Community events, including: Merton’s Winter Wonderland Parade; Wimbledon Village Annual Fair; The AFC Wimbledon Experience, the charity mascot race where about 20 people nominated by local charities are welcomed to each home game, plus free signed programmes, food, entry to the game etc.

3.1.3. A stadium in the heart of its core community will significantly enhance the Club’s ability to add to the range, scale and scope of activities in Wimbledon and the wider borough.

## 4. The market

### 4.1. Attendances and capacity

4.1.1. Figures for AFC Wimbledon, League One (the short-term ambition) and the Championship (the medium-term ambition) are as follows:

AFC Wimbledon*	League One average*	Championship average*
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Stadium capacity**	5,139	14,739	27,495
Average attendance	4,100	6,182	17,316
Season Ticket Holders	2,647	4,329	12,076
Current turnover £m***	3.5	5.5	17.6

Attendance and season ticket figures are taken from Football League data

\* Average League One and Championship figures are for the 2010/11 season and are taken from the 2013 *Deloitte Annual Review of Football Finance*. AFC Wimbledon figures are for the 2012/13 season.

\*\* The effective operating capacity for AFC Wimbledon is 4,850.

\*\*\* Unaudited figures for season 2012/13 for AFC Wimbledon turnover.

- 4.1.2. The above table indicates that the Club's existing facilities at Kingsmeadow provide about a third of the average capacity of League One, but the Club's average league attendance of 4,100 in season 2012/13 is two-thirds of the average for League One, despite being a league below. In seasons 2011-12 and 2012/13, AFC Wimbledon had six and five games respectively that were sold out (in that no more tickets could be made available for home fans), thereby artificially depressing the average gate.
- 4.1.3. The point is clear – in each of the Club's first two seasons in the Football League, there have been several games for which it was unable to meet demand for places at Kingsmeadow. Further, if the Club were to be promoted to League One, its ability to increase its turnover would be limited because there is no spare capacity: AFC Wimbledon cannot thrive in its current stadium and must move.
- 4.1.4. In a recent market survey of Merton residents, existing corporate customers and existing AFC Wimbledon fans, Arkenford Limited identified that 29% of football fans would attend more matches in a bigger, more modern stadium; 37% of (non-attending) 'engaged residents' would be likely to attend matches at a new stadium; and 12% of (non-attending) 'non-engaged residents' would be likely to attend games in a new stadium. The new stadium represents a clear opportunity to increase attendances substantially from current levels.
- 4.1.5. In 2012/13 AFC Wimbledon had 2,647 season ticket holders; this has already been comfortably exceeded for season 2013/14. In addition, analysis of the Club's data indicates that it was 'touched' (i.e. someone bought a match ticket, club merchandise, etc.) by over 13,000 individual households in recent seasons, giving a substantial opportunity to build on the existing fanbase.
- 4.1.6. As the Club moves up the leagues it will need to add additional capacity, but the key moment will be reaching the Championship because average attendances in that league, at over 17,300, are at present 2.8 times those for League One, and the average club turnover is 3.2 times higher.

## 4.2. Financial regulation

- 4.2.1. Over the last few years there has been an increasing focus on the sustainability of football clubs, driven in part by the high-profile insolvencies of a few clubs combined with a determination on the part of other clubs to eliminate losses. The UEFA Financial Fair Play guidelines have played a substantial role in effecting changes, while in the Football League each division has its own policies and procedures. League Two has a Salary Cost Management Protocol (SCMP) which demands that clubs should not spend more than a

certain percentage of their net income on players' wages. Clubs that exceed the specified percentage are subject to a player registration embargo.

4.2.2. AFC Wimbledon first encountered the SCMP on promotion to the Football League in 2011. Given the Club's prudent approach to players' wages, it has remained well below the threshold from day one. League Two publishes an anonymised table of players' wages, by club, and AFC Wimbledon was 20th in that table in 2012/13. Since success on the pitch broadly follows the levels of wages paid, this further emphasises how the lack of a means to increase income is in danger of preventing the Club from pursuing its ambition.

#### **4.3. The opportunities offered by a new football stadium**

4.3.1. The opportunities for the Club to drive its revenues are:

- Additional capacity – as explained above, Kingsmeadow would not be able to accommodate increased crowds if the Club were promoted
- Offering hospitality – currently we can offer only about 80 places for a sit-down meal, although we do have standing space in our bars for a further 500 fans. However, we cannot offer seats in the better areas of the stadium as part of a hospitality package, and we have no boxes or suites. Our current hospitality areas have no view of the pitch
- Premium seats – these cannot currently be offered
- Enhanced sponsorships – given its current facilities, the Club cannot offer any tempting deals to would-be sponsors
- Non-matchday income – the Club's current facilities are not suitable for conferences, large parties, etc.
- With the kudos of a new stadium, the value of naming rights for the stadium and stands, general advertising, matchday sponsorships, etc. are all likely to be substantially higher.

4.3.2. For details of the impact of new stadiums on other clubs' finances, see Section 6 ("A new stadium for AFC Wimbledon")

#### **4.4. The wider benefits of a new stadium**

4.4.1. As an investment in the sporting infrastructure of the area, AFC Wimbledon's stadium will yield considerable economic and social dividends and act as a catalyst for a heightened focus in Merton across areas such as sport and leisure participation, community engagement, place brand profiling, enterprise development and the creation of local employment. The club's long-term vision for the stadium is closely aligned to the economic development strategy for Merton and will contribute to the realisation of the area's medium- to long-term strategic economic and social objectives.

4.4.2. The development of the 'place making sector' strategy that will position Wimbledon as a core sports destination for tourism, culture and commercial sports services can run parallel to the development of the stadium model. Currently, one in twenty jobs in Merton is in the broad sector of recreation, culture and sports, almost twice the national average. Although the platform for growth currently exists, it does require a strong anchor theme. The development of AFC Wimbledon's stadium will be a sector 'enabler' through associated economic activity and will support Merton's progression to the next level of securing sustainable higher-value employment in the area.

- 4.4.3. The development of the new AFC Wimbledon stadium will generate immediate direct and indirect economic benefits. The construction phase of the stadium and residential areas will provide high-worth construction jobs with comparable stadium/residential developments generating in excess of 350 annual Full Time Equivalent jobs (FTEs). The projected direct expenditure from stadium activity levels ranges from £6.6 million to £7.5 million, representing new expenditure in the area without any level of displacement in the vicinity of the proposed stadium. The ability of the Club to achieve average attendances of around 10,000 will represent a total economic impact of £12.7 million per annum with a significant contribution to exchequer receipts from a higher level of sports-stimulated economic activity.
- 4.4.4. The Club recognises the role it will play in supporting the Sport, Health & Physical Activity strategy of Merton and future business plans to support sport-led community regeneration. The ambition of the Club is to become a key strategic partner in developing healthier communities and also to use sport to develop additional community activities based on the Club's existing activities. Currently, AFC Wimbledon provides over 900 contact hours in the community each season through a range of social and community programmes delivered by 14 dedicated Community Football Scheme personnel. Over the course of a season the Club reaches approximately 2,875 residents of Merton, the majority of whom are children, young people and groups at risk. The Club currently generates in the region of £1.4 million in social value for the Borough through its community programmes.
- 4.4.5. The development of the new stadium will provide an immediate opportunity to create a Wimbledon sports tourism destination brand to extend the profile of the area beyond the global attention received during the All England Championships. The stated intention of Merton to develop tourism activity needs to incorporate a wider mix of visitor options and reasons to travel to the area. There is currently no brand proposition for the area that exploits the global sports recognition that the name "Wimbledon" possesses. The creation of a range of attractions and sporting activity needs to be supported with a strategic destination plan with sport as the core attraction.



*Saturday morning football coaching for local youngsters*

- 4.4.6. In conclusion, the development of a new stadium for AFC Wimbledon will be a key element of a broader sports-led regeneration strategy delivered in partnership with all relevant bodies. The overriding goal and ambition for the community is the creation of an economically sustainable, healthy and active borough. The development of the stadium facility represents one element of a broader strategy, and will demonstrate the commitment of the Club and its stakeholders to use involvement in sport as a catalyst for economic, social and sporting change in the London Borough of Merton.
- 4.4.7. The social and economic benefits arising from a new AFC Wimbledon stadium are discussed in greater depth in a longer report which is available on request.

## **5. AFC Wimbledon**

### **5.1. History**

- 5.1.1. The Dons have been central to Wimbledon's cultural heritage for nearly 125 years. Ever since a group of old boys from the Central School started a team back in 1889, the Club has been proud to be associated with the Borough. The first sides played on the Common and changed in the Fox and Grapes pub before successive moves to pitches off Worple Road West, Pepys Road, Merton Hall Road and, in 1909, Burlington Road.
- 5.1.2. Eventually the Club found a ground on the site of the Greyhound Stadium. Shortly before the First World War they moved a hundred yards up Plough Lane to a piece of swampy land just north of the River Wandle that had been used as a refuse dump. Successive generations of fans developed the facilities as the team progressed from the Athenian League through the Isthmian and Southern Leagues until Football League status was achieved in 1977.
- 5.1.3. Over the next 25 years, the name of Wimbledon FC became synonymous with success. The supporters who had cheered the Club to success in the amateur game watched through barely believing eyes as the team rose up through the divisions until, on a glorious day in May 1988, the world watched as the Dons won the FA Cup at Wembley Stadium. Even more astonishingly, within four seasons they had become founder members of the FA Premier League.
- 5.1.4. Forced to relocate to Selhurst Park by the demand in the 1990 Taylor Report for all-seater stadiums, the Dons continued to play reserve games at Plough Lane until just before the Millennium. Mayor of Wimbledon Sydney Black had placed a covenant on the land requiring it to be kept for sporting use when he gave the deeds of the site to supporters in perpetuity in the late 1950s, but the covenant was overturned in a controversial Council vote that ultimately led the Club's home of 80 years to be turned into flats.
- 5.1.5. AFC Wimbledon was set up by fans who were determined that such machinations should not blight their club in the future. They were determined to keep their roots in the borough despite having to establish a temporary home just over the border in Kingston upon Thames. By retaining contact with its roots and working hard to stay part of the community as described elsewhere in this document, the Club has demonstrated that its commitment to the area has never died – indeed, in many ways it is stronger than it has ever been.

- 5.1.6. Supporters now dream of returning to their spiritual home. Tooting Town had been the first opponents to tread the hallowed turf of the old Plough Lane back in 1912, and by the end of its time there the Club was welcoming Chelsea and Manchester United. Given the Club's astonishing record of punching well above its weight, it has determinedly pursued an objective that Merton should be able to boast once again about hosting both world-class football and tennis within its boundaries.
- 5.1.7. Football has the ability to inspire all types of people in a way that is true of no other sporting activity. As Prime Minister Margaret Thatcher put it in a speech in 1986, "If we can sell Newcastle Brown to Japan, Bob Geldof can have us running round Hyde Park, and if Wimbledon can make it to the First Division, there is surely no achievement beyond our reach." It is time the Club came home.

## **5.2. Ownership**

- 5.2.1. The Wimbledon Football Club Supporters Society, colloquially known as The Dons Trust, was formed early in 2002 with the intention of gaining a place and influence on the Wimbledon FC board. When an FA commission agreed that Wimbledon FC could move to Milton Keynes and take the league place with them, the fans, adamant that a club belongs in its community, decided to start again, at the bottom of the football pyramid.
- 5.2.2. In keeping with this approach, immediately after AFC Wimbledon was formed it was sold to the Dons Trust, which has remained the owner ever since. The Club started by ground sharing with Kingstonian FC, but after a year the Trust decided that it was essential to own its own stadium and bought Kingsmeadow from the then owners of Kingstonian, who had in turn bought it from the administrator some months earlier (Kingstonian having been in administration). Much of the purchase cost was raised by means of a share issue in the newly formed AFCW PLC, which as a result came to own 100% of its two subsidiaries, AFC Wimbledon Limited and AFCW Stadium Limited. The Dons Trust owns all 5,000,000 Ordinary Shares and 1,777,650 A Ordinary Shares in AFCW PLC, representing in total 77.38% of the shares in issue. The rights attaching to the two classes of share are different. Each Ordinary Share has three votes per share, while each A Ordinary Share has one vote per share. As a result the Society held, as at 30 June 2012, 89.44% of the voting rights of AFCW PLC.
- 5.2.3. As part of the preparations for funding the development at Plough Lane, the Dons Trust has been taking the necessary steps to carry out a Community Share issue. To make the issue eligible for Enterprise Investment Scheme status, with the associated tax benefits for investors, a number of amendments to the Dons Trust's constitution were approved by the members at a Special General Meeting in May 2013. At the same time, AFCW PLC shareholders approved changes in that company's share structure. When these changes are implemented by the issue of new shares to the Dons Trust, it will own over 90% of AFCW PLC's issued shares.
- 5.2.4. The PLC owns Kingsmeadow through its subsidiary, AFCW Stadium Limited. Including the value of subsequent improvements, it is shown at £2.99m in the PLC's accounts. However, we are confident that it has a value substantially above this amount.
- 5.2.5. Because AFCW PLC owns 100% of both AFCW Stadium and AFC Wimbledon, the most appropriate balance sheet to consider is that of the PLC. Its balance sheet as at 30 June 2012 (the most recent set of audited accounts) is included as Appendix 1. The PLC's level of external debt is relatively small and consists of a loan from Barclays Bank. At 30 June 2012 the amount due was £580,000. The loan is secured by way of a legal mortgage over

the long leasehold property and is repayable by monthly instalments ending in 2022. Interest is charged at base rate plus 2.5%.

### 5.3. Current status/long-term investment

5.3.1. The Club is currently playing in Football League Two. Since it acquired Kingsmeadow in 2002, it has spent over £2m on:

- Meeting the capacity requirements at each level of its rise through the leagues
- Increasing the number of seats to meet the Football League's requirements
- Increasing the rake of the terracing to provide a better view
- Erecting a new roof on the south stand and extending the roof on the west stand
- Implementing a wide range of changes to meet the safety requirements of the Sports Ground Safety Authority and Kingston upon Thames Council

5.3.2. In addition, the Club has:

- Increased funding of training and medical facilities, both in terms of coaching and medical staff and physical facilities
- Invested in the management structure (for the first team there is now a Team Manager, Assistant Manager, first team coach, full time goalkeeping coach and fitness coach) and commercial management (the Club has strengthened the commercial team)
- Strengthened the academy facilities, since the development of home-grown players is a key part of the Club's strategy. Two years ago, a new football academy system, funded by the Premier League, was approved by the Football League. The system allows for four categories, and AFC Wimbledon has applied for the Category 3 status. The Club is awaiting the mandatory audit process which precedes the approval of its status as a Category 3 Academy. To achieve this category the Club has committed spending of over £550,000 in season 2013/14.

5.3.3. All this investment is beginning to bear fruit: in 2013/14 the Club is enjoying the most successful start to a season in the Football League and has made record levels of season ticket sales.



*Tomorrow's players making a lap of honour in front of the fans*

#### **5.4. Existing stadium - Kingsmeadow**

- 5.4.1. Kingsmeadow was built in the late 1980s. Following investment by AFC Wimbledon, its current capacity is 5,139, but for operational purposes the maximum attendance is set at 4,850.
- 5.4.2. The capacity is constrained by the stadium's footprint and cannot be expanded any further. Two sides of the ground are terracing, and to convert them to seating – which is mandatory in the Championship, the Club's strategic destination in the medium term – would reduce the capacity below the minimum threshold required for Football League membership. In short, if the Club were to achieve its promotion objectives, it would not be able to accept promotion due to the restrictions of Kingsmeadow.
- 5.4.3. As a comparison, the average capacity in League Two in 2012/13 was just under 10,000; League One it was 14,700 and in the Championship 27,500. The average attendance in the Championship in 2012/13 was over 17,000.
- 5.4.4. With prudent management, careful recruitment and by involving home-developed players, the Club's management believes that promotion to League One can be achieved in the next three years. However, with capacity close to its limit and with few opportunities to generate further income from the current stadium, it would be difficult to consolidate a position in that division, let alone seek a further promotion, without a new stadium. To give some examples:
- Commercial income from hiring out function rooms/bars is very limited due to a lack of attractive facilities and space. Non-football income currently totals approximately £175,000 (about 5% of forecast revenue for 2012/13).
  - Commercial income from matchday hospitality is relatively insignificant due a lack of space, tired facilities and a lack of any views of the pitch.
  - Season ticket holders largely prefer the north, south and west stands because the east stand is a terrace with poor views. Because the east stand is the least popular, it is the stand with ticket availability on a matchday; given its poor views, the experience for a first-time fan is often disappointing and the Club is losing potential fans as a result.
  - Visiting fans can only be offered a maximum of 200 seats, and other visiting fans must go into the east stand with its poor view. On occasions where there is higher demand, it is impossible to cater for numbers beyond the regulatory minimum because there is no available space. In League Two this is currently a problem three or four times a season, and it will be worse in League One. As stated earlier, the stadium is not capable of being made compliant with the regulations for the Championship.
  - The arrangements for visiting fans are, by virtue of the design of the stadium, inflexible. As a result, when there are limited numbers of visiting fans it is not possible to expand the space available to home fans.
  - The Club is over-reliant on "pitch related" income, which can fluctuate significantly depending on performance on the field.
- 5.4.5. Despite the lack of income-generating facilities at Kingsmeadow, the Club continues to operate in a financially sustainable way, with forecast Earnings Before Interest, Taxes, Depreciation and Amortisation ('EBITDA') of about £130,000 in 2012/13 (a season in which it had a number of one-off items of major expenditure) and £290,000 in 2011/12. While these performances are admirable, and unusual in the world of football, the absence

of a ‘sugar daddy’ means that significant further investment in the team requires the opportunities afforded by a new stadium.

## 6. A new stadium for AFC Wimbledon

### 6.1. Location

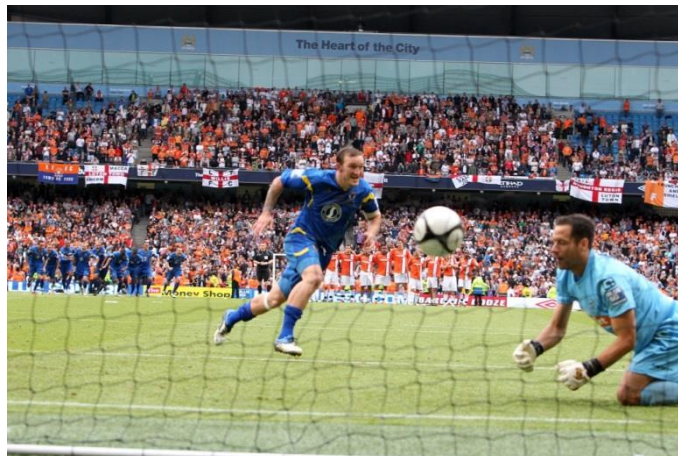
6.1.1. Since it was first formed, the Club has been seeking a site that would allow a return to Merton. Independent consultants Colliers International identified a total of 18 potential sites which they evaluated and reported on in 2009. After further analysis and consultation, this list was reduced to three in a report issued by Colliers in August 2011.

6.1.2. Further detailed work was carried out to identify the pros and cons of each potential site, and in February 2013 Colliers issued their final report which concluded that the best site was the Greyhound Stadium. The detailed report is available on request; its Executive Summary contains the following conclusions:

6.1.3. “The **Wimbledon Stadium** location presents the best option for AFC Wimbledon and Merton to deliver a transformational regeneration project in the short to medium term. Strategic net benefits for Merton, AFC Wimbledon and a third party developer investor should include:

- Attractive **commercial** prospects and a relatively fast speed to market
- A football stadium for AFC Wimbledon along with **community** uses to drive social cohesion and community building
- **New homes** and community development that enable Merton to deliver quickly on the London housing agenda
- **Improvements** to the physical environment of the wider area, better connections, an improved environment, better traffic management.
- A strong **destination** in the east of the borough
- Helping to refresh the wider Merton and Wimbledon **place brand** as a place to live, visit and invest.

6.1.4. There is also the substantial attraction of the massive positive publicity that would be generated by AFC Wimbledon coming home.



*Danny Kedwell's penalty fires The Dons back into the Football League*



## 6.2. Capacity - why 20,000?

6.2.1. Wimbledon FC moved away from Plough Lane because the old stadium could not be converted to an all-seater stadium while maintaining a viable capacity. It is essential that a new stadium has the capacity to accommodate the size of crowds that AFC Wimbledon will attract as the Club moves up the leagues. Without a suitably large capacity, the Club will effectively be unable to grow.

6.2.2. The Club believes that a capacity of about 20,000 is the most appropriate business model based on the following factors:

- Wimbledon FC attracted average crowds of over 17,000 despite playing at Crystal Palace's stadium, outside the borough.
- Appendix 2 shows that the average attendance in season 2012/13 in the Championship was 17,316. With an ambition to reach the Championship and thrive in that league, the Club must be able to compete on as equal a footing as possible, and that requires having the income-generating power that comes with such larger attendances
- It is proved that new stadiums attract increased attendances. Data from Deloitte shows the following increases in first-year attendance for new football stadiums opened:

Club	Year opened	% increase
Leicester	2002	47%
Hull	2002	77%
Manchester City	2003	35%
Swansea	2005	67%
Arsenal	2006	57%
Colchester*	2008	-8%
Cardiff	2009	15%
Chesterfield	2010	76%
Brighton*	2011	172%

\* The reduction in Colchester's attendance was due to that club being relegated the previous season, whereas Brighton benefitted from promotion immediately prior to their first season in the new stadium. Discounting these two stadia moves reduces the average increase to just under 55%.

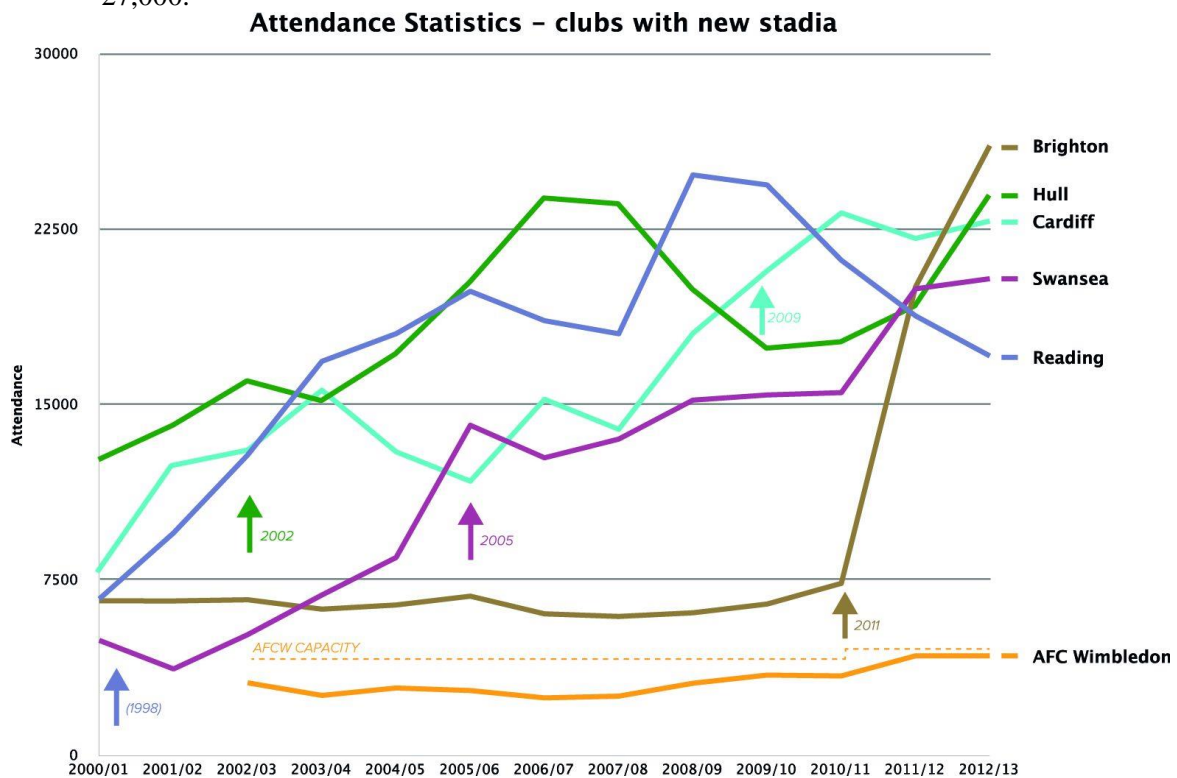
- A 55% increase would lead to attendances of about 6,350. In practice, the Club believes that attendances would increase by more than 55% because:
  - as explained earlier, the current average attendance is depressed by a lack of space to accommodate larger crowds for sell-out games
  - the current facilities make for a poor matchday experience for new would-be fans at Kingsmeadow
  - the Club would be able to offer hospitality, with premium seats and quality catering, none of which are available at Kingsmeadow
  - it is clear from existing data and research that AFC Wimbledon, especially when back in Wimbledon, will have access to a substantial number of potential new fans
- Further evidence is provided in Appendix 2, which provides details of the capacities of stadiums of all Championship clubs in season 2012/13. It shows that at about 20,000 the new stadium would still be one of the smaller ones in the Championship. If the

Club were promoted to the Championship, Kingsmeadow would be required to become all-seater and would then fall below the minimum capacity stipulated by the Football League

- Experience shows that in the longer term the appeal of a new stadium reduces, and playing success becomes an increasingly important revenue driver. However, at present there is no scope for such investment in the team due to the substantial constraints imposed by having to play at Kingsmeadow.

### 6.3. Other new stadiums

6.3.1. While a move to a new stadium does not guarantee success, an examination of some recent moves to new stadiums of a similar size to the proposed stadium (i.e. about 20,000 capacity) indicates a significant correlation. The graph below covers five clubs (plus AFC Wimbledon) which have moved to new stadiums with capacities of between 20,000 and 27,000.



- The arrows indicate when each club moved.
- All these clubs have been relatively successful since they invested in a new stadium, with Swansea, Cardiff, Hull and Reading having achieved promotion to the Premier League, and Brighton challenging for promotion to the Premier League.
- AFC Wimbledon's attendances are also shown from its starting date of 2002, along with the capacity over the last ten years. This clearly demonstrates the limited spare capacity that would restrict further growth
- Attendance data shows:

<b>Average attendance</b>					
<b>Club</b>	<b>Capacity</b>	<b>Year moved</b>	<b>Year before move</b>	<b>Season 2012-13</b>	<b>% increase</b>
Reading	24,000	1998	9,676	23,948	147%
Hull	25,500	2002	9,506	17,076	80%
Swansea	20,750	2005	8,457	20,378	141%
Cardiff	26,800	2009	18,043	22,843	27%
Brighton	27,000	2011	7,351	26,065	255%

#### **6.4. Stadium design**

6.4.1. The Club's brief to its stadium architect has focused on a stadium suitable for both football and rugby with good quality facilities that, wherever possible, have a dual use, i.e. they can generate income on both matchdays and non-matchdays and/or be suitable for community use.

6.4.2. The key features of the stadium are:

- Visibility from Plough Lane, which reinforces its involvement in the local community
- Capacity of about 20,000
- The spectators will be arranged in a bowl configuration which brings them as close to the playing surface as possible without compromising sightlines or run-off requirements
- The pitch and stadium facilities meet all football and rugby playing requirements in terms of size, run-offs, etc. to allow competitive matches up to international level to be hosted
- Sightlines from all areas meet or exceed the recommendations for viewing quality
- Provision for disabled visitors allows access to all parts of the stadium
- The hospitality provision comprises 1,200 seats adjacent to boxes/suites running along the West and South stands. In addition, there is a multi-functional space in the South West corner of the stadium footplate which provides a matchday bar for approximately 1,000 and which can be adapted for a range of non-matchday uses. The boxes/suites will also be used for non-matchday activities
- Accommodation for matchday activities (changing rooms, police control room, etc.) as well as for day-to-day management of the Club
- Parking has been kept to a minimum to encourage use of public transport. Space is provided for matchday broadcasting vehicles – this space can be used by visitors on non-matchdays.

6.4.3. The stadium will be constructed in a phased manner to allow the Club to maintain a balance between success on the pitch and the growing fanbase that will follow. At all times the objective is to maintain an environment which has a vibrant matchday atmosphere as well as an appeal for non-matchday use because of the quality and arrangement of its facilities. The initial construction will comprise the following:

- A capacity of 11,000 in four stands, using the space nearest the pitch. The design of the seating bowl will allow it to be completed in phases from this point and will take advantage of the availability of temporary structures which can now provide a high-quality solution to infill expansion space as necessary

- The north-east corner construction will be demountable to allow access to the pitch area for the purpose of increasing capacity through the phasing
- Hospitality space will be created to its full capacity. However, the top tier of the boxes/suites will be fitted out only when the demand dictates
- The pitch will meet UEFA standards
- Hospitality provision will allow access to all areas in all phases
- Viewing standards will not be compromised in any phase
- Accommodation for matchdays and non-matchdays as set out above

## **7. Capital funding**

### **7.1. Financial viability**

The financial viability of the project is based on an assessment of the costs of the stadium construction plus fees which will be funded by receipts from several sources of finance.

### **7.2. Costs**

- These are based on work undertaken by Franklin & Andrews, who are specialist stadium cost consultants and completed all the costing work on Brighton & Hove Albion's stadium.
- The largest cost element is the stadium and associated infrastructure construction, which is currently estimated to be £16m for the first phase of developing the stadium, with a capacity of about 11,000.
- Other professional fees, fit out and some contingency funding have been taken into account.

### **7.3. Receipts**

- These include naming rights for the new stadium, the proceeds of a Community Share issue and a contribution from enabling development. These are dealt with in turn below.
  - The return of a Wimbledon football club to Plough Lane is the final chapter in a remarkable story that has led the Club to a level of interest and a profile well beyond that of most Football League clubs. The Club has taken advice on the value of naming rights for such a high-profile return, and the value will be substantial.
  - As part of the preparations for funding the development at Plough Lane, the Trust has been taking the necessary steps to carry out a Community Share issue. To make the issue more attractive, a series of amendments to the Dons Trust's constitution were approved by the members at a 2013 Special General Meeting, and at the same time the AFCW PLC shareholders approved additional changes in the share structure, with the same objective. When these are implemented, the Trust will own over 90% of AFCW PLC. The Community Share issue is expected to raise a substantial contribution towards the cost of the stadium.
  - In addition to the naming rights and share issue, it is expected that funds will be raised from enabling development

## **8. New stadium – indicative profit and loss figures**

The sustainability of a new stadium for AFC Wimbledon is based on increasing its capacity to match the Club's development, and on having the facilities to achieve a significantly more profitable operating business plan from:

- An increase in the number of spectators resulting from improved general facilities.
- Increased spend per head, thanks to more extensive and better-quality hospitality facilities.
- Premium seats and associated hospitality.
- Availability of high-quality conference and banqueting facilities to provide significant opportunities to increase non-matchday income.
- Increased sponsorship income due to the greater exposure of the Club and increased attendances.

## **8.1 Non-matchday income**

8.1.1. A key focus for the new stadium is to provide the Club with a higher proportion of longer-term, stable, non-match related income. This is in addition to increases in spectator numbers/revenue which can be expected from having a new stadium.

8.1.2. Specifically, the Club expects to generate non-matchday income from the following sources:

- Conference and banqueting income
- Catering income on non-matchdays
- Friendly internationals – the pitch size is UEFA compliant

## **8.2. Conference/banqueting facilities**

8.2.1. As explained in section 4.1.4, in February 2013 Arkenford Limited, an independent market research company, was commissioned to carry out a review of the likely demand for matchday and non-matchday services. There is clear demand for such services: 35% of those surveyed indicated that they would consider using the facilities for non-matchday events at a new stadium in Wimbledon.

8.2.2. Furthermore, there is limited capacity in Wimbledon for high-quality conferencing and banqueting facilities on a large scale. The hospitality area in the south-west corner of the stadium will allow the Club to host banquets and similar events with space for up to 500 seated guests. We expect this will prove a major new asset to the borough.

## **8.3. Financial record of AFC Wimbledon**

8.3.1. As explained earlier, the growth and further success of AFC Wimbledon is constrained by the limitations of the current stadium. Despite these constraints, the Club has generated positive EBITDA for each of the last four years' audited accounts and, equally important, positive cash flow in each of those years. The results are summarised in the following table (all figures in £000s):

	<b>2011/12</b>	<b>2010/11</b>	<b>2009/10</b>	<b>2008/09</b>
Turnover	3,039	2,330	1,647	1,721
EBITDA	289	57	23	152
Cash flow	155	219	57	112

8.3.2. The results shown above are taken from the audited accounts for AFCW PLC which consolidates the results of its two wholly owned subsidiaries. The forecast for 2012-13 shows EBITDA of over £130k.

8.3.3. In the past five years, the Club has invested over £2m in tangible fixed assets, mainly improvements to Kingsmeadow. These have been funded in part by an increased

drawdown of a bank loan which was originally taken out as part of the funding of the purchase of the stadium (the current amount owed is £580k). The loan is repayable in instalments by 2022. In addition, the Club has received and grant funding of about £600k from the Football Stadia Improvement Fund.

- 8.3.4. The cost base has increased significantly over the last five years because, as well as the investment in tangible fixed assets, the Club has invested in improved training management and medical facilities, as well increasing net spending on the Youth Academy by a substantial amount; meanwhile, there has been a substantial increase in the playing budget following promotion through the leagues. Despite the poor quality of facilities at Kingsmeadow, attendances have increased in part due to the two promotions in the five year period. This is illustrated in the chart in section 6.3.
- 8.3.5. Achieving promotion, first to League One and then the Championship, should result in increased attendances and revenue, but there is almost no scope at Kingsmeadow to take advantage of this. In League One the increased income would broadly be matched by the increase in the playing budget that will be needed for a higher league. In practice, as explained earlier, the Club would be unable to accept promotion to the Championship as an all-seater stadium would be required, and that cannot be achieved at Kingsmeadow without reducing the capacity below the Football League's minimum requirement for membership.

#### **8.4. New stadium forecasts compared to Kingsmeadow**

- 8.4.1. A forecast comparing profitability at Kingsmeadow with the new stadium for the Phase 1 capacity of 11,000 has been compiled. The following assumptions have been used:
- For prudence, matchday admission prices for the Phase 1 capacity have been held at current levels
  - Also for prudence, the hospitality areas (including boxes) are assumed to have only 60% take up in Year 1
  - The forecast assumes an early exit from all cup competitions. In season 2012/13 the Club generated additional profits of about £175,000 from its Cup games
  - Hospitality prices are based on the independent survey carried out by Arkenford in February 2013
  - Operating costs (including matchday stewarding and police costs) are based on benchmark figures from other London clubs/clubs with a new stadium
  - Income from the Football League is included at current levels for the relevant League, even though the new TV deal is likely to lead to an increase by the time the stadium is built
  - Income from non-matchday conferencing and banqueting is based on moderate numbers of bookings with the banqueting areas half full (or less) for each event

The Club has always budgeted conservatively and continues to do so – for example, the forecast shows very limited income from cup games as it assumes a First Round exit in all cup competitions.

#### **8.4.2. Phase 1 comparison – key points**

- An increase in attendances of 55%, as indicated in section 6.2.2, would increase turnover from £3.0m in 2011/12 to £4.95m and release a further £450,000 to strengthen the playing squad, an increase of about 45%

- Despite the prudent assumptions about prices, hospitality, conference usage and the increased costs of running a new stadium, the Club needs an increase of under 20% of its current average attendance to maintain player spending at current levels

#### 8.4.3. Phase 2 (Championship) comparison

- A review of London Championship club prices indicates that they are broadly 20% to 30% higher than AFC Wimbledon's current prices, but much more complex in how they are structured. For simplicity, and to be prudent, the prices used for assessing Phase 2 of the development (i.e. full and final capacity of about 20,000) have been left unchanged from current levels, with the exception that terrace prices have been aligned with seat prices, since terraces are not allowed at Championship level
- Being cautious by taking projected attendances as being 15% below the Championship average, but with a higher take-up of premium hospitality places at increased prices from Phase 1, the overall revenue rises to just over £11m.
- With increased costs of management and backroom staff, increased stewarding, policing and staff employment costs than in Phase 1, the improvement in profit compared to Phase 1 is nearly £5m, much of which would be needed to strengthen the first-team squad.

## 9. Conclusion

- 9.1.1. AFC Wimbledon has made extraordinary progress since 2002, when the fans had no club, no team, no manager and no stadium – nothing. Now the Club sits in the Football League and is looking to take the next step in its growth, namely building a new stadium, in its home in Wimbledon.
- 9.1.2. This document and the underlying analysis and research show quite clearly that a new stadium on the Plough Lane site can be financed. Furthermore, even after using a conservative basis for the calculations, it is clear the stadium can be operated on a viable basis which will help the Club to thrive. The prudent and pragmatic approach that has led AFC Wimbledon to being a financially sound and sustainable club will continue in the new stadium.
- 9.1.3. Despite substantial investment, it is clear that the constraints of the current Kingsmeadow stadium will prevent AFC Wimbledon from further growth, and indeed it is not fit for purpose in terms of playing in the Championship because it cannot meet the Football League criteria for doing so.
- 9.1.4. Although the Club has been playing in the borough of Kingston upon Thames since it was formed, AFC Wimbledon has maintained strong ties with Merton and has demonstrated an exemplary commitment to community involvement. The development of a new Plough Lane stadium for AFC Wimbledon will provide both a long-term sustainable home and a larger base from which to continue to deliver and grow these community activities.
- 9.1.5. It is time that Wimbledon had a football team in Wimbledon again, and this document demonstrates that this is a viable proposition.

**Appendix 1**

**AFCW PLC**  
**GROUP BALANCE SHEET AS AT 30 JUNE 2012**

	2012		2011	
	£	£	£	£
<b>Fixed assets</b>				
Intangible assets		23,000		8,000
Tangible assets		<u>3,384,874</u>		<u>3,024,636</u>
		3,407,874		3,032,636
<b>Current assets</b>				
Stocks	39,744		49,311	
Debtors	189,167		344,259	
Cash at bank and in hand	<u>645,938</u>		<u>491,181</u>	
	874,849		884,751	
<b>Creditors: Amounts falling due within one year</b>				
	<u>982,604</u>		<u>803,045</u>	
<b>Net current assets/(liabilities)</b>		<u>(107,755)</u>		<u>81,706</u>
<b>Total assets less current liabilities</b>		3,300,119		3,114,342
<b>Creditors: Amounts falling due after more than one year</b>				
		<u>1,071,445</u>		<u>1,139,899</u>
<b>Net assets</b>		<u>2,228,674</u>		<u>1,974,443</u>
<b>Capital and reserves</b>				
Called up share capital		87,595		85,095
Share premium account		2,139,587		1,992,087
Profit and loss account		<u>1,492</u>		<u>(102,739)</u>
<b>Shareholders' funds</b>		<u>2,228,674</u>		<u>1,974,443</u>

Approved on behalf of the Board and authorised for issue on 19 November 2012

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I R McNay - Chairman

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J E Samuelson - Director

19 November 2012

Registered number 4764827



**Appendix 2****CHAMPIONSHIP CLUBS' CAPACITIES AND ATTENDANCES**

<b>Club - season 2012-13</b>	<b>Capacity 2012/13</b>	<b>Average Attendances</b>		
		<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
Barnsley	23,009	11,848	10,341	10,202
Birmingham City	30,079	-	19,125	16,702
Blackburn Rovers	31,154	-	-	14,996
Blackpool	17,338	-	12,747	13,922
Bolton Wanderers	28,100	-	-	18,093
Brighton & Hove Albion	30,750	7,624	21,829	26,024
Bristol City	21,497	14,692	13,889	13,276
Burnley	22,546	15,054	14,088	12,913
Cardiff City	26,828	23,157	22,129	23,175
Charlton Athletic	27,111	15,582	17,428	18,503
Crystal Palace	26,309	15,475	15,192	17,296
Derby County	33,597	25,863	25,878	23,075
Huddersfield Town	24,500	13,733	14,171	15,068
Hull City	25,586	21,170	18,775	17,311
Ipswich Town	30,311	19,615	18,232	17,491
Leeds United	39,460	27,296	23,283	21,572
Leicester City	32,500	23,710	22,993	22,569
Middlesbrough	34,988	16,769	17,982	17,106
Millwall	20,146	12,663	11,888	10,903
Nottingham Forest	30,576	23,275	21,969	23,082
Peterborough United	15,460	6,455	9,119	8,178
Sheffield Wednesday	39,812	17,787	21,338	24,674
Watford	17,477	13,108	12,938	13,464
Wolverhampton Wanderers	31,700	-	-	21,789
<b>Lowest</b>	<b>15,460</b>	<b>6,455</b>	<b>9,119</b>	<b>8,178</b>
<b>Highest</b>	<b>39,812</b>	<b>27,296</b>	<b>25,878</b>	<b>26,024</b>
<b>Average</b>	<b>27,535</b>	<b>17,099</b>	<b>17,397</b>	<b>17,558</b>

