

## INVESTMENT AGREEMENT SUMMARY

This Summary is designed to provide a reasonable level of detail about the proposed agreements between the Club, the Trust, Frank Adams Legacy Limited and Feliciano EFL Limited, Rob Couhig's investment vehicle. It should be noted that the agreements are in advanced draft form only, and while the basic principles of the transaction are settled, further changes of detail may be made before signature. In particular both parties continue to examine ways of mitigating any tax liabilities arising out of the proposals.

### The commercial terms

The principal terms of the deal are:

- Feliciano will invest £2.2 million in settling the Club's and FALL's debts and providing additional working capital, and will provide a further £1 million of loans to the Club.
- To obtain this investment Feliciano will subscribe for new Voting Shares and new Ordinary (non-voting) shares in the Club, and will acquire further existing Ordinary shares from the Trust, as a result of which it will hold 75% of the issued Voting Shares, and 75% of the issued Ordinary (non-voting) shares. In addition Feliciano will subscribe for up to 350,000 (non-voting) Capital Funding Shares in the Trust.
- Some of the £2.2 million will come to the Trust to enable it to settle the intercompany debt the Trust owes to the Club (arising on the application of proceeds of the Jordan Ibe sell-on fee in settling FALL's liability to Steve Hayes) and in lending money to FALL to allow it to settle its liabilities secured on Adams Park. The rest will be paid to the Club direct.
- Approximately £2 million of that investment will be immediately applied in settling the long term debts of the Club and of FALL, including the £500,000 loaned last season by Bill Luby and Jim Collis, the £500,000 loaned in the summer of this year by Feliciano itself and the £450,000 owed by FALL to Chairboys Funders Limited, together with all accrued interest. Clearing these debts will result in the release of all charges over Adams Park and the debenture Bill and Jim hold over the assets of the Club. The repayment by FALL of its debt to Chairboys Funders will enable the directors of Chairboys Funders to redeem the loan notes of their investors in full, with all accrued interest.
- The balance of the investment will be used by the Club as additional working capital.
- The Club will enter into a new 15 year lease with FALL of Adams Park. The rent is agreed in the long term at the level of £150,000 per annum, but is discounted in the first 5 years by 90 per cent in recognition of the need to keep cash in the Club in the early years of the new arrangements. The Club will continue to be responsible for maintenance and repair of the stadium and associated premises.
- Feliciano will commit to advancing up to a further £1 million to the Club as further working capital, by way of a three year loan, secured by a debenture on the Club's assets (though, for

sake of clarity, these do not include the freehold of Adams Park, or the Club's memorabilia, both of which are owned by FALL).

### Conditions and timing

There are three key conditions to the investment. They are:

- A satisfactory outcome to Feliciana's due diligence on the Club
- Feliciana, Mr & Mrs Couhig, Pete Couhig and Mark Palmer all satisfying the EFL's Owners' & Directors' Test (OADT) – the process of seeking this approval is in hand
- A positive vote by the Legacy Members

While not the Trust's preferred position, Feliciana indicated that it would not sign formal agreements regarding the transaction until Legacy Members had given their approval. By the time the vote is decided Feliciana expects to have concluded its due diligence; to date no major unresolved issues have been identified.

Feliciana has indicated that if the OADT approvals have not been forthcoming by the time the result of the Legacy members' vote is known, it intends to sign the investment agreement formally committing to the deal, but the agreement will be expressed to be conditional only on that approval being granted (provided that any conditions the EFL may impose on their OADT approval are not objectively unreasonable).

### The principal documents

The two principal documents are the investment agreement and the lease. Latest drafts of both documents will be available for inspection at Adams Park during the voting period as noted elsewhere.

### Investment Agreement

The investment agreement contains details of the mechanics of the investment by Feliciana (subscription for new Club shares, acquisition from the Trust of existing Ordinary (non-voting) shares) and the repayment of the various debts, explained above. In addition, it documents the future relationship between the Club, Feliciana as the 75% shareholder and the Trust as the 25% shareholder.

As is usual in agreements of this kind, the Club and the Trust will make certain warranties to the investor regarding the Club's assets, liabilities, finances, and so on, in reliance upon which Feliciana will commit to invest. The Trust and Club directors will be seeking to minimise any prospective liabilities in this regard by ensuring that Feliciana and its advisers continue to have full access to the Club and its books and records, but there is always a possibility in every such deal of an unforeseen matter arising which may result in a claim. Feliciana recognises that the Trust is not generating any cash for its own resources in this transaction – all Feliciana's investment is either going to pay off historic liabilities or to meet ongoing trading expenses of the Club – and so has agreed with the Trust and with FALL that

future rent payable under the new lease of Adams Park may be applied in reducing any proven warranty claims. In addition Feliciana will confirm at the time of signing the agreement that it is not actually aware of anything which it believes amounts to a warranty claim; Feliciana's extensive due diligence, and the level of involvement of its representatives in assisting the Club over the last three months, give the Trust directors considerable comfort that the possibility of a warranty claim is small, but it can never be entirely dismissed. Warranty claims must also be notified within two years of completion of the investment (or within six years and three months if the claim is tax related).

Once the investment is made, Feliciana will appoint four directors to the Club board and, as 75% shareholder, will have effective control, both on a day to day level and at a strategic level. However, Feliciana will agree the Trust has certain rights to approve key decisions of the Club, described below, and to be represented on the Club board.

For so long as the Trust retains at least 10 per cent of the Voting Shares, it will be entitled to appoint two directors to the Club board. If the Trust's holding falls below that, it can still appoint one director, but it loses the right of appointment if its holding of Voting Shares falls below 5 per cent. The Trust board will establish a policy for the appointment of its nominees to the Club board and those discussions will be explained to members in due course.

While the Trust continues to own at least 12.5 per cent of the Voting Shares, its consent will be required to any of the following decisions by the Club:

- The increase of the Club's issued share capital in anyway;
- The issue or allotment or agreement to issue or allot to any person, any loan stock, debenture or other security of whatsoever nature convertible into shares;
- The modification, variation or alteration or removal of any of the rights, privileges or restrictions attaching to any shares;
- The passing of any resolution for the winding up of the Club;
- The variation of the home football shirt design of Wycombe Wanderers Football Club so that it no longer features the quarter design;
- The change of home or away football shirts of Wycombe Wanderers Football Club more than once in any two consecutive football seasons;
- The variation of the name of the Stadium so that the name does not include "Adams Park"; and
- The entry into ground sharing agreements for the Stadium with other third party sports teams (excluding any teams representing Wycombe Wanderers football club or its affiliated ladies or junior teams) whereby such sports teams are permitted to use the sports playing field at the Stadium on a regular basis (whether under a licence or sub-lease) for three or more sporting matches.

The investment agreement also provides that no current member of the Trust board or the Club board can be employed by the Club in a remunerated role for at least a year after the investment has been made.

### Issue of further shares

It is important that members appreciate that the Club's working capital requirements, including the expected costs to be incurred in making much-needed repairs around the Stadium, as well as continuing to invest in the playing side of the Club's activities, mean that the additional £1 million which Feliciano is committing to the Club is unlikely to be sufficient. In addition, that loan will need to be repaid in the future. As noted, the Trust has an effective veto over the issue of new shares but new capital can only come either from the issue of shares or further debt, and accordingly it is likely that at some point the Club will look to issue further shares. Company law requires that the Trust is given the right to take up 25% of the issue but if it does not do so it will inevitably face dilution. Trust members therefore need to appreciate that the Trust's role as a provider of finance to the Club will not cease on conclusion of the Feliciano investment – if members want the Trust to be able to continue to have the influence that a significant shareholding brings, it will be necessary for fundraising activities to continue. The Trust directors hope that the burden to members of financing a 25% interest in the Club will prove somewhat less daunting than the burden of financing a 100 per cent interest has been, but the important point to note is that there can be no guarantees that the Trust will be able to maintain its 25% interest in the Club indefinitely.

### Subscription for shares in the Trust

Members may find the fact that Feliciano is subscribing for shares in the Trust somewhat unexpected. However, because of the way that the Trust structure was developed in 2012, certain obligations to creditors were severed from the Club itself and lie within FALL. By issuing shares in this way the Trust is raising the money required to enable FALL to settle these debts.

The shares being issued to Feliciano are the same class of shares as those issued under the share scheme. They do not give Feliciano any voting rights in relation to the Trust, and Feliciano stands in exactly the same position as other investors in the share scheme. This summary is being distributed with a separate note which contains a summary of the position of these investors as we go forward after closing the Feliciano transaction.

### The new lease of Adams Park

The key terms of the proposed new lease are as follows:

- 15 year term; the Club can renew at the end of the term;
- Rent of £15,000 per annum to June 2024; thereafter £150,000 per annum, save that in the event the Club is promoted to the Championship the initial rent increases to £75,000 per annum;
- The Club is responsible for maintenance and repair of the Stadium.

14 October 2019