

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or about the action which you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services Act 1986 immediately.

If you have sold or otherwise transferred all of your Ordinary Shares in Millwall Holdings PLC, please send this document, together with the enclosed Application Form and Form of Proxy, to the purchaser, transferee, stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of this document, which constitutes a prospectus relating to Millwall Holdings PLC, prepared in accordance with the listing rules made under section 142 of the Financial Services Act 1986, has been delivered + for registration to the Registrar of Companies in England and Wales as required by section 149 of that Act.

Application has been made for the New Ordinary Shares and the Offer Shares to be admitted to the Official List. It is expected that admission will become effective and that dealings will commence on 25 August 1999.

The Directors of Millwall Holdings PLC, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.



## **Millwall Holdings PLC**

*(Incorporated and registered in England and Wales with registered number 2355508)*

**Proposed Open Offer of 403,314,696 New Ordinary Shares of 0.1p each  
at 0.625p per share on the basis of 1 Offer Share for  
every 3 existing Ordinary Shares held with an excess application  
facility, underwritten by Ellis & Partners Limited  
Capital Reorganisation and Capital Reduction**

**Unaudited interim results for the six months ended 31 May 1999**

If you are a Qualifying Holder and wish to apply under the Open Offer you should complete the accompanying Application Form. Completed Application Forms under the Open Offer must be received together with the appropriate remittance in full no later than 3.00 p.m. on 20 August 1999. The procedure for application and payment is described in Part II of this document and in the accompanying Application Form.

Seymour Pierce Limited and Ellis & Partners Limited, both of whom are regulated by The Securities and Futures Authority Limited, are acting exclusively for Millwall Holdings PLC in connection with the Open Offer. Neither Seymour Pierce Limited nor Ellis & Partners Limited is acting for any other persons and will not be responsible to anyone other than Millwall Holdings PLC for providing the protections afforded to customers of Seymour Pierce Limited or Ellis & Partners Limited or for advice on the matters proposed in this document or any transaction or arrangement referred to herein.

Notice of an Extraordinary General Meeting of Millwall Holdings PLC, to be held at The Den, Zampa Road, London, SE16 3LN on 24 August 1999 at 11.00 a.m., is set out on page 39 of this document.

A Form of Proxy for use in connection with the Extraordinary General Meeting is enclosed with this document. To be valid, the Form of Proxy must be completed in accordance with the instructions set out on the form and returned

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## CONTENTS

|  | <i>Page</i> |
|--|-------------|
| <b>Expected Timetable of Principal Events</b>  | 3           |
| <b>Open Offer Statistics</b>   | 3           |
| <b>Directors, Secretary and Advisers</b>   | 4           |
| <b>Definitions</b>   | 5           |
| <b>PART I Letter from the Chairman</b>   | 7           |
| Introduction   | 7           |
| Reasons for the Open Offer   | 7           |
| Capital Reorganisation   | 8           |
| Reduction of Share Capital   | 9           |
| Details of the Open Offer and Excess Applications  | 9           |
| Current trading and prospects  | 10          |
| Directors' and others' intentions  | 10          |
| Extraordinary General Meeting  | 10          |
| Overseas shareholders  | 11          |
| Action to be taken in respect of the Extraordinary General Meeting                                       | 11          |
| Action to be taken in respect of Applications for Offer Shares   | 12          |
| Additional information   | 12          |
| Recommendation   | 12          |
| <b>PART II Letter from Ellis &amp; Partners Limited relating to the Open Offer</b>                       | 13          |
| <b>PART III Unaudited Interim Results for Millwall Holdings Plc for the six months ended 31 May 1999</b> | 20          |
| <b>PART IV Risk Factors</b>  | 22          |
| <b>PART V Additional Information</b>   | 23          |
| <b>Notice of Extraordinary General Meeting</b>   | 39          |

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

|   |                                   |
|---|-----------------------------------|
| Record Date for the Open Offer  | close of business on 19 July 1999 |
| Latest time and date for splitting of Application Forms<br>(to satisfy <i>bona fide</i> market claims only, where shareholders have<br>sold part of their shareholding prior to the ex entitlement date.) | 3.00 p.m. on 18 August 1999       |
| Latest time and date for receipt of completed Application<br>Forms and payment in full under the Open Offer   | 3.00 p.m. on 20 August 1999       |
| Latest time and date for receipt of Form of Proxy for the<br>Extraordinary General Meeting  | 11.00 a.m. on 22 August 1999      |
| Extraordinary General Meeting   | 11.00 a.m. on 24 August 1999      |
| Dealings commence in the New Ordinary Shares and the<br>Offer Shares  | 25 August 1999                    |
| CREST accounts credited   | 25 August 1999                    |
| Despatch of definitive share certificates for the Offer Shares  | by 2 September 1999               |

### OPEN OFFER STATISTICS

|   |               |
|---|---------------|
| Number of Ordinary Shares in issue before Open Offer    | 1,209,944,088 |
| Number of Offer Shares under the Open Offer             | 403,314,696   |
| Number of New Ordinary Shares in issue after Open Offer | 1,613,258,784 |

## **DIRECTORS, SECRETARY AND ADVISERS**

|  |  |
|--|--|
| <b>Directors</b>                         | Theodoros Paphitis, ( <i>Chairman and Chief Executive</i> )<br>Peter William Mead, FIPA, ( <i>Non-Executive Vice Chairman</i> )<br>Jeffrey David Burnige, BA, (Hons), ( <i>Executive</i> )<br>Timothy John Jackaman, ( <i>Non-Executive</i> )<br>Steven Barry David Ring, FCA, ( <i>Finance Director</i> )<br>Richard Edward Towner, MA, ( <i>Non-Executive</i> )<br><br>all of The Den<br>Zampa Road<br>London SE16 3LN |
| <b>Company Secretary</b>                 | Richard Edward Towner, MA  |
| <b>Registered office and head office</b> | The Den<br>Zampa Road<br>London SE16 3LN   |
| <b>Sponsor and Financial Adviser</b>     | Seymour Pierce Limited<br>29/30 Cornhill<br>London EC3V 3NF  |
| <b>Stockbroker</b>                       | Ellis & Partners Limited<br>Talisman House<br>16 The Courtyard<br>East Park<br>Crawley RH10 6AS  |
| <b>Auditors</b>                          | Arthur Andersen<br>17 Landsdowne Road<br>Croydon CR9 2PL   |
| <b>Solicitors to the Company</b>         | Richards Butler<br>Beaufort House<br>15 St Botolph Street<br>London EC3A 7EE   |
| <b>Solicitors to the Open Offer</b>      | Memery Crystal<br>31 Southampton Row<br>London WC1B 5HT  |
| <b>Principal Bankers</b>                 | Bank of Cyprus Limited<br>75 Newman Street<br>London W1P 3LA   |
| <b>Registrars and Receiving Agents</b>   | Harford Registrars<br>Harford House<br>101–103 Great Portland Street<br>London W1N 6BH   |

## **DEFINITIONS**

The following definitions apply throughout this document, unless the context requires otherwise:

|  |  |
|--|--|
| “Act”  | the Companies Act 1985, as amended   |
| “Admission”                                  | the admission of the New Ordinary Shares and Offer Shares to the Official List   |
| “Articles of Association”                    | the Company’s articles of association at the date of this document   |
| “Application Form”                           | the application form relating to the Open Offer  |
| “Board“ or “Directors”                       | the directors of the Company whose names are set out on page 4 of this document  |
| “Capital Reorganisation”                     | the sub-division of each issued Ordinary Share into one New Ordinary Share and nine Deferred Shares and each unissued Ordinary Share into ten New Ordinary Shares                            |
| “Capital Reduction”                          | the proposed cancellation of the Deferred Shares and of the Share Premium Account  |
| “the Club”                                   | Millwall Football and Athletic Company (1985) PLC  |
| “CREST”                                      | the relevant system (as defined in the Uncertificated Securities Regulations 1995) in respect of which CRESTCo Limited is the Operator (as defined in the Regulations)                       |
| “Deferred Shares”                            | the deferred shares of 0.1p each in the capital of the Company arising on the Capital Reorganisation   |
| “the Extraordinary General Meeting“ or “EGM” | the extraordinary general meeting of the Company to be held at The Den, Zampa Road, London, SE16 3LN on 24 August 1999 at 11.00 a.m., notice of which is set out on page 39 of this document |
| “Ellis & Partners”                           | Ellis & Partners Limited, the Company’s stockbroker  |
| “Excess Shares”                              | Offer Shares applied for by Qualifying Holders under the excess application facility   |
| “Football League”                            | The Football League Limited  |
| “Form of Proxy”                              | the form of proxy relating to the Extraordinary General Meeting  |
| “Group”                                      | the Company and its wholly owned subsidiaries  |
| “London Stock Exchange”                      | the London Stock Exchange Limited  |
| “Millwall” or the “Company”                  | Millwall Holdings PLC  |
| “New Ordinary Shares”                        | the ordinary shares of 0.1p each in the capital of the Company arising on the Capital Reorganisation   |
| “Official List”                              | the official list of the London Stock Exchange   |
| “Offer Price”                                | 0.625p for each Offer Share  |

|                          |   |
|--------------------------|---|
| “Offer Shares”           | the 403,314,696 New Ordinary Shares to be issued pursuant to the Open Offer   |
| “Open Offer”             | the conditional offer, by Ellis & Partners on behalf of the Company, to Qualifying Holders to apply for Offer Shares as set out in Part II of this document and in the Application Form   |
| “Ordinary Shares”        | Ordinary shares of 1p each in the capital of the Company  |
| “Proposals”              | the Open Offer, Capital Reorganisation and Capital Reduction, all of which are subject to the approval of Shareholders  |
| “Qualifying Holders”     | Holders of Ordinary Shares on the register of members at the close of business on the Record Date excluding certain overseas shareholders   |
| “Record Date”            | 19 July 1999  |
| “Seymour Pierce”         | Seymour Pierce Limited, Sponsor and financial adviser to the Company  |
| “Shareholders”           | holders of Ordinary Shares  |
| “Special Resolutions”    | the special resolutions to be proposed at the Extraordinary General Meeting, as set out on pages 39-42 of this document   |
| “Underwriting Agreement” | the conditional agreement dated 28 July 1999 between the Company, Ellis & Partners and Seymour Pierce relating to the Open Offer, a summary of the principal terms and conditions of which are set out in paragraph 11 of Part V of this document |

## PART I

### LETTER FROM THE CHAIRMAN OF MILLWALL

# Millwall Holdings PLC

*(Registered in England and Wales with registered number 2355508)*

#### *Directors*

Theodoros Paphitis, *(Chairman and Chief Executive)*  
Peter William Mead, FIPA, *(Non-Executive Vice Chairman)*  
Jeffrey David Burnige, BA, *(Executive)*  
Timothy John Jackaman, *(Non-Executive)*  
Steven Barry David Ring, FCA, *(Finance Director)*  
Richard Edward Towner, MA, *(Non-Executive)*

#### *Registered Office*

The Den  
Zampa Road  
London  
SE16 3LN

28 July 1999

*To Shareholders,*

Dear Shareholder

### **Proposed Open Offer of 403,314,696 Offer Shares of 0.1p each at 0.625p per share, Capital Reorganisation and Capital Reduction**

#### **Introduction**

It was announced today that the Company proposes to raise approximately £2.2 million, net of expenses, by way of an Open Offer of 403,314,696 Offer Shares, which is underwritten by Ellis & Partners, and to reorganise its share capital.

The Open Offer is being made on the basis of 1 Offer Share for every 3 Ordinary Shares held at the close of business on 19 July 1999, at a price of 0.625p per share.

The purpose of this document is to provide Shareholders with information on the Proposals and to explain how you may participate in the Open Offer.

#### **Reasons for the Open Offer**

The funding is to provide working capital and thus assist in the development of the Club. Historically, the major funding requirements of the Club have been met by the sale of players' registrations, which the Board believe to be, at best, a short term strategy and, at worst, a guarantee of declining financial and playing achievement. The encouraging progress made on the pitch during the last season resulted from our stated strategy of building and retaining a stable and highly motivated squad of young players rather than succumbing to the temptation of selling young talent for short term profit. We have to continue to retain a nucleus of our best young players, with judicious purchases of players to strengthen the squad where necessary, in order to achieve our target of promotion and improved results in cup competitions.

During the 1998/99 season, the Club finished a respectable tenth in the Second Division (1997/98 season 18th) and a successful run in the Auto Windscreens Shield culminated in an appearance at Wembley in April 1999 netting some £405,000 in revenue. It is undoubtedly success on the field, both in cup runs and, in the longer term, by achieving promotion to the higher divisions thereby gaining access to greater earnings that will allow the Club to achieve greater financial stability.

Promotion to the First Division should, applying current rates, yield a larger share of television sponsorship money (£734,000 in Division 1 against £360,000 in the Second Division for the season 1999/2000) and encourage larger gates, together with attendant benefits in catering and merchandising. Shareholders should note that the position on television sponsorship may come under review – see “Risk Factors” in Part IV of this document.

Attracting 48,000 Millwall supporters to Wembley for the final of the Auto Windscreens Shield is, in your Board’s opinion, evidence of the far wider support base on which the Club can draw, given greater playing success and participation at a higher level within the Football League. The Club’s average home league match attendance in the 1998/99 season in the Second Division was approximately 7,000 with the three highest gates being 12,726, 11,876 and 10,442. These compare with an average First Division gate of 13,577 (1998/99). This level of attendance at Millwall would generate an increase in gate receipts even at current prices of approximately £1.3 million over a season without taking into account increased shop and catering revenues.

The Club has for some time been committed to a policy of finding, retaining and training its own reservoir of youth players. It has a flourishing youth squad and operates one of 19 F.A. Academies existing in the Nationwide Football League. During the 1998/99 season no less than 10 players who graduated from the youth scheme played in the first team. Whilst the financing to be provided by the Open Offer is not of a long term nature, it will assist the Club in retaining promising youngsters by providing working capital, thereby removing the need in the short term to sell, and in strengthening the squad in key positions, thus improving our chances of securing the promotion which will assist in achieving greater financial stability. These funds cannot ensure success but without them the chances of success on the field and promotion during the 1999/2000 season will, in the opinion of the Directors, most definitely recede.

Your attention is drawn to Part IV of this document which sets out Risk Factors relevant to any investment in the Company.

### **Capital Reorganisation**

The Ordinary Shares are currently trading at less than their nominal value of 1p each, and since shares cannot be issued at less than their nominal value, it is proposed to sub-divide each issued Ordinary Share into one New Ordinary Share and nine Deferred Shares. The Capital Reorganisation will not affect the inherent value of Shareholders in the Company as the number of New Ordinary Shares in issue following the Capital Reorganisation will be the same as the Ordinary Shares in issue prior to the Capital Reorganisation, ignoring for this purpose the Offer Shares to be issued on implementation of the Open Offer.

The New Ordinary Shares will have the same rights as the existing Ordinary Shares including those relating to voting and entitlement to dividends. The Deferred Shares will not be admitted to the Official List nor have any voting rights or dividend entitlement and will rank after the New Ordinary Shares and Offer Shares upon a distribution, rendering the Deferred Shares effectively valueless. No share certificates will be issued in respect of the Deferred Shares. In due course it is intended that, subject to the Company passing a special resolution at the EGM and obtaining the approval of the High Court, the Deferred Shares will be cancelled.

New share certificates in respect of the Offer Shares will be issued but not in respect of the New Ordinary Shares arising on the Capital Reorganisation in respect of which existing share certificates for Ordinary Shares will continue to be valid on the basis that Shareholders will be entitled to the same number of New Ordinary Shares as therein stated. Subsequent share certificates issued in respect of transfers and allotment following the completion of the Open Offer will reflect the change in nominal value.



## **Reduction of Share Capital**

Following and subject to the Capital Reorganisation the Directors' are seeking Shareholder approval as set out in Special Resolution 2 on page 41 for the cancellation of the Deferred Shares and of the sum standing to the credit of the Company's share premium account following the issue of the Offer Shares. Subject to that approval the Company intends to apply in due course to the High Court for the cancellation and reduction to be sanctioned.

It is likely that the High Court will require that any amount by which the cancellation and reduction exceeds any deficit on profit and loss account at the time of the Court application be transferred to a special reserve; currently there is no such deficit and accordingly the whole amount would be so transferred. The special reserve will not be available for distribution until all of the Company's creditors at the effective date of the cancellation and reduction have agreed or have been paid. The Company will probably be required to undertake to the High Court *inter alia* that any dividends received by the Company from any of its subsidiaries out of profits (if any) existing at the date the reduction becomes effective will be credited to that special reserve.

The special reserve may however, be used in the same manner as a share premium account and the High Court's approval will be sought to permit the amount standing to the credit of the reserve to be reduced, and the relevant amount transferred to the Company's distributable reserves, by the amount raised on any further issues of shares by the Company after the cancellation. It is likely that the High Court's consent will also be sought to allow goodwill arising on any future acquisitions to be written off against the special reserve as against profits.

Your Directors have been advised that the consent of the High Court to both these matters is usually given subject to passing of the relevant Special Resolution by Shareholders. The reduction of share capital will not result in any diminution in the net tangible assets of the Company.

A Special Resolution will be proposed at the EGM to sanction the Capital Reduction which will be conditional on the passing of the Special Resolution to approve the Open Offer and the Capital Reorganisation.

## **Details of the Open Offer and Excess Applications**

Part II of this document contains a letter from Ellis & Partners which invites Qualifying Holders to apply for Offer Shares at the Offer Price of 0.625p per Share on the basis of

### **1 Offer Share for every 3 Ordinary Shares**

held at the close of business on the Record Date, and so in proportion for any other number of Ordinary Shares then held. Qualifying Holders may apply for any whole number of Offer Shares up to their aggregate *pro rata* entitlement together with up to two times that initial entitlement.

By way of example if you currently hold 900 Ordinary Shares in the capital of the Company your entitlement pursuant to the Open Offer is 300 Offer Shares. The excess application facility entitles you to apply for up to 600 Offer Shares in addition to the 300 Offer Shares representing your initial entitlement.

Valid applications in respect of entitlements of Shareholders will be satisfied before acceptance of excess applications and if applications are received for more than the 403,314,696 Offer Shares, Shareholders' excess applications will be reduced in such manner as the Directors and Ellis & Partners shall decide. Any Offer Shares not taken up by Qualifying Holders will be placed by Ellis & Partners pursuant to the terms of the Underwriting Agreement. Fractional entitlements of Offer Shares will not be allotted to Qualifying Holders but will be aggregated and taken up under the Underwriting Agreement and the proceeds applied for the benefit of the Company. The latest time and date for receipt of completed Application Forms and payment in respect of the Open Offer is 3.00 p.m. on 20 August 1999.

Application has been made for the Offer Shares and New Ordinary Shares to be admitted to the Official List. Subject to Admission becoming effective dealings in the Offer Shares and New Ordinary Shares are expected to commence on 25 August 1999.

The Offer Shares, when allotted and issued fully paid, will rank *pari passu* in all respects with the New Ordinary Shares arising under the Capital Reorganisation.

The Open Offer is conditional, *inter alia*, on the Underwriting Agreement having become unconditional in all respects and not having been terminated in accordance with its terms. The Underwriting Agreement is conditional, *inter alia*, on Admission. If the conditions of the Open Offer are not fulfilled on or before 25 August 1999 (or such later date, being not later than 30 September 1999, as Ellis & Partners and the Company may agree), application monies will be returned to applicants without interest as soon thereafter as is practicable.

Your attention is drawn to the letter from Ellis & Partners in Part II of this document, setting out the terms of the Open Offer, the principal conditions to which it is subject and the procedure for application.

### **Current trading and prospects**

The Group's unaudited interim results for the six months ended 31 May 1999, announced today, are set out in Part III of this document. These show a loss on ordinary activities before taxation of £662,000 (1998: £957,000).

Since the 31 May 1999 we have been in a close season, during which we have strengthened the squad with the acquisition of four experienced players. We have concluded a new sponsorship and kit deal for the next two years with Giorgio and Strike Force. We have also entered into an agreement with the production company of BSkyB's "Dream Team" programme for the use of the Den as a production and filming base. Season ticket sales to date have exceeded those of last year.

The Directors view the coming season with cautious optimism.

### **Directors' and Others' intentions**

Irrevocable undertakings have been received from all the Directors and from Mr R Burr, a director of the Club, to take up their entitlements to Offer Shares in full together in certain cases with Excess Shares which in aggregate total 15,213,789 Offer Shares. Further details are set out in paragraph 6.1 in Part V of this document.

### **Extraordinary General Meeting**

You will find on page 39 of this document a notice convening an Extraordinary General Meeting of the Company to be held on 24 August 1999 at 11.00 a.m. at which three Special Resolutions will be proposed to approve the following:

1. (i) the sub-division and conversion of each Ordinary Share in issue at the date of the EGM into one New Ordinary Share and nine Deferred Shares.
- (ii) the sub-division of each of the authorised but unissued Ordinary Shares into 10 New Ordinary Shares;
- (iii) the increase of the authorised share capital of the Company from £16,910,559.12 to £21,910,559.12 by the creation of 5,000,000,000 New Ordinary Shares (an increase of approximately 29.5 per cent. in the authorised share capital prior to the implementation of the Capital Reorganisation);
- (iv) the authorisation of the Directors to allot relevant securities under Section 80 of the Act

of the Company's issued ordinary share capital following implementation of the Open Offer), such authority to be in substitution for any other existing authority and any authority (if any) given or to be given at the Annual General Meeting to be held on 18 August 1999 and any adjournment thereof and to expire 15 months after the passing of the first Special Resolution or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2000;

- (v) the authorisation of the disapplication of the statutory pre-emption rights contained in Section 89(1) of the Act for the purposes of the Open Offer and the grant of options under the Share Option Scheme and of any other issue of equity securities for cash up to an aggregate nominal amount of £161,326 (representing approximately 10 per cent. of the Company's issued ordinary share capital following implementation of the Open Offer) such authority to be in substitution for any other existing authority and any authority (if any) given or to be given at the AGM and any adjournment thereof and to expire 15 months after the passing of the first Special Resolution or if earlier at the conclusion of the annual general meeting of the Company to be held in 2000;
  - (vi) the amendment of the Articles of Association by the deletion of the present Article 3 and the substitution in its place of a new Article 3 setting out the authorised share capital of the Company and the rights and restrictions attached to the Deferred Shares.
2. Conditionally upon Special Resolution 1 being passed and becoming effective:
- (i) the reduction of the capital of the Company by cancelling all of the Deferred Shares;
  - (ii) the cancellation of the balance standing to the credit of the Company's share premium account immediately following the issue of Offer Shares; and
  - (iii) contingently upon the cancellation of the Deferred Shares and the share premium account becoming effective, the amendment of the Articles of Association of the Company by deleting the then current Article 3 and the substitution in its place of a new Article 3 setting out the authorised share capital of the Company.
3. The amendment of the Articles of Association by (a) the insertion of new wording at Article 33 so that the Directors' power to refuse to register partly paid shares (of which there are none at the date of this document) are subject to a proviso that such refusal does not prevent dealings in the shares from taking place on an open and proper basis; and (b) the deletion of Article 102.5 which provides for Directors' entitlement to vote on certain pension and other issues in which they have an interest. These alterations are to bring the Articles into line with the requirements of the London Stock Exchange.

#### **Overseas Shareholders**

**The attention of Shareholders who are citizens or residents of countries other than the United Kingdom or have a registered address outside the United Kingdom is drawn to the information set out in the letter from Ellis & Partners in Part II of this document. Such Shareholders must satisfy themselves as to the applicable laws and their observance thereof.**

#### **Action to be taken in respect of the Extraordinary General Meeting**

A Form of Proxy is enclosed with this document for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting you are requested to complete and return this form in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by the Company's registrars, Harford Registrars, Harford House, 101-103 Great Portland Street, London W1N 6BH, no later than 11.00 a.m. on 22 August 1999. The completion and return of the Form of Proxy will not preclude you from attending the meeting and voting in person if you so wish.

**Action to be taken in respect of Applications for Offer Shares**

An Application Form is also enclosed with this document for use by Shareholders wishing to take up their entitlement under the Open Offer. Qualifying Holders wishing to apply for all or any of the Offer Shares under their initial entitlement and for Excess Shares should complete and sign the enclosed Application Form in accordance with the instructions printed thereon and send or deliver it, in the reply paid envelope provided, together with the remittance for the full amount payable, to Harford Registrars so as to arrive as soon as possible and in any event not later than 3.00 p.m. on 20 August 1999 at which time the Open Offer will close.

**Additional information**

Your attention is specifically drawn to Parts II to V of this document.

**Recommendation**

**Your Board consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and unanimously recommend that you vote in favour of the Special Resolutions to be proposed at the EGM as they intend to do in respect of their own beneficial holdings and holdings over which they exercise voting control, amounting in aggregate to 36,724,625 Ordinary Shares, representing approximately 3.04 per cent. of the Company's existing issued ordinary share capital.**

Yours faithfully

Theo Paphitis  
*Chairman and Chief Executive*

## PART II

### OPEN OFFER LETTER FROM ELLIS & PARTNERS LIMITED

Registered Office: Talisman House, 16 The Courtyard, East Park, Crawley, RH19 6AS

Registered in England No: 2474423

Regulated by The Securities and Futures Authority Limited and a member of the London Stock Exchange

28 July 1999

*To Qualifying Holders*

Dear Shareholder,

### **Proposed Open Offer of 403,314,696 Offer Shares of 0.1p each at 0.625p per share to Qualifying Holders**

#### **Introduction**

As explained in the letter from your Chairman set out in Part I of this document, the Company is proposing to raise approximately £2.2 million net of expenses, by the issue of 403,314,696 Offer Shares. Ellis & Partners has agreed, on behalf of the Company, to offer the Offer Shares to Qualifying Holders for subscription at 0.625p per Offer Share. The Open Offer has been underwritten by Ellis & Partners pursuant to the Underwriting Agreement. This letter and the accompanying Application Form contain the formal terms and conditions of the Open Offer.

The Offer Price of 0.625p compares with the middle market quotation of 0.875p for the existing Ordinary Shares as derived from the Official List on 26 July 1999, the latest practicable date before the publication of this document.

#### **Details of the Open Offer and Excess Application Facility**

Ellis & Partners, as agent for and on behalf of the Company, hereby invites Qualifying Holders to apply, on and subject to the terms and conditions set out in this document and the accompanying Application Form, for Offer Shares at a price of 0.625p per share. The Open Offer is made on the terms and subject to the conditions set out in this Part II and in the Application Form enclosed with this document.

Qualifying Holders may apply for any whole number of Offer Shares up to their aggregate *pro rata* entitlement together with up to two times that *pro rata* initial entitlement. Qualifying Holders aggregate *pro rata* entitlement is calculated on the following basis.

#### **1 Offer Share for every 3 Ordinary Shares**

registered in their name at the close of business on the Record Date and so in proportion for any other number of Ordinary Shares then held. Qualifying Holders will have their entitlements rounded down to the nearest whole number of Offer Shares. Any resulting fractional entitlements of Qualifying Holders will not be allotted pursuant to the Open Offer but will be aggregated and placed pursuant to the Underwriting Agreement for the benefit of the Company. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

To the extent that applications from Qualifying holders exceed 403,314,696 Offer Shares all applications in excess of *pro rata* entitlements shall be scaled back in such manner as the Board and Ellis & Partners shall in their absolute discretion determine.

**In the Open Offer, unlike in a rights issue, the Offer Shares which are not applied for will not be sold in the market for the benefit of those Qualifying Holders who do not apply but will instead be taken up by placees or sold for the benefit of the Company by Ellis & Partners in accordance with its commitment under the Underwriting Agreement. The Application Form is not a document of title and cannot be traded.**

The Offer Shares will rank *pari passu* in all respects with the New Ordinary Shares. Application has been made for the Offer Shares to be admitted to the Official List.

The Open Offer is conditional on the Underwriting Agreement becoming or being declared unconditional in all respects (and not being terminated in accordance with its terms) by not later than 9.00 a.m. on 25 August 1999 (or such later time and date, being not later than 9.00 a.m. on 30 September 1999, as Ellis & Partners and the Company may agree). The principal conditions of the Underwriting Agreement are:

- (a) the passing at the Extraordinary General Meeting or any adjournment thereof, of the first Special Resolution contained in the notice of that meeting set out at the end of this document;
- (b) the admission of the New Ordinary Shares and the Offer Shares to the Official List.

#### **Procedure for Application**

Applications may only be made for the Offer Shares on the enclosed Application Form which is personal to the Qualifying Holder named on it. The Application Form represents a right to apply for Offer Shares. It is not a document of title and it may not be sold, assigned or transferred, except to satisfy *bona fide* market claims in relation to purchases of Ordinary Shares through the market (before the ex-entitlement date). Application Forms may be split, but only to satisfy such *bona fide* market claims, up to 3.00 p.m. on 18 August 1999. Persons who have, prior to the ex-entitlement date, sold or otherwise transferred some or all of their Ordinary Shares should contact their stockbroker, bank or other agent authorised under the Financial Services Act 1986 through whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the Application Form, since the invitation to subscribe for Offer Shares under the Open Offer may represent a benefit which can be claimed from them by purchasers or transferees under the Financial Services Act 1986.

Qualifying Holders who do not wish to apply for any Offer Shares under the Open Offer should not complete and return the Application Form, but are encouraged to vote at the Extraordinary General Meeting by completing and returning the enclosed Form of Proxy.

The Application Form shows the number of Ordinary Shares on which the relevant Qualifying Holder's entitlement has been based and the aggregate number of Offer Shares and excess entitlements for which such Qualifying Holder may apply.

Qualifying Holders wishing to apply for all or any of the Offer Shares to which they are entitled should complete and sign the enclosed Application Form in accordance with the instructions thereon and send or deliver it, in the reply paid envelope provided, together with a remittance for the full amount payable, to Harford Registrars, Harford House, 101–103 Great Portland Street, London W1N 6BH so as to arrive as soon as possible and in any event not later than 3.00 p.m. on 20 August 1999, at which time the Open Offer will close. Application Forms received after this time will not be accepted.

In respect of the Offer Shares whose allottees have validly elected for their issue in uncertificated form, the relevant Offer Shares shall be credited on 25 August 1999 to the account maintained in the CREST system (the settlement system operated by CRESTCo) by the persons entitled thereto.

Applications, once made, will be irrevocable and will not be acknowledged. Harford Registrars

and binding on the person(s) by whom or for whose benefit it is lodged even if such Application Form is not completed in accordance with the relevant instructions. Harford Registrars and the Company further reserve the right (but shall not be obliged) to accept either Application Forms received after 3.00 p.m. on 20 August 1999 with the envelope bearing a legible postmark not later than 3.00 p.m. on 19 August 1999 or from authorised persons (as defined in the Financial Services Act 1986) specifying the Offer Shares applied for and undertaking to lodge the Application Form in due course. If an Application Form is sent by post, Qualifying Holders are recommended to allow at least 4 working days for delivery. The instructions and other terms set out in the Application Form are part of the Open Offer.

## **Overseas Shareholders**

### *(a) General*

The making of the Open Offer to persons who are resident in, or citizens of, countries outside the United Kingdom ("Overseas Shareholders") may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements.

No person receiving this document and an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Application Form could lawfully be used without contravention of any registration or other legal requirements.

Accordingly, persons receiving this document and/or an Application Form should not in connection with the Open Offer distribute or send the same into any jurisdiction where to do so would or might contravene local securities laws or regulations. Any person who does forward this document or an Application Form into any such territory (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section. Receipt of an Application Form will not constitute an invitation or an offer in those jurisdictions in which it would be illegal to make such an offer and in such circumstances Application Forms will be sent for information only.

Any person (including without limitation, nominees and trustees) outside the United Kingdom wishing to accept the Offer Shares comprised in the Application Form must satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. **If you are in any doubt as to your position, you should consult your professional adviser.**

The Company reserves the right to treat as invalid any acceptance or purported acceptance of Offer Shares comprised in an Application Form which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the securities legislation of any jurisdiction or that does not make the warranties relating to Overseas Shareholders. In cases where Overseas Shareholders at the close of business at the Record Date do not or unable to take up their Offer Shares allotted to them, such Shares will be placed under the Underwriting Agreement.

### *(b) United States and Canada*

Neither the Offer Shares nor the Application Forms have been or will be registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States or any province or territory of Canada and, subject to certain exceptions, may not be offered, sold, delivered, or transferred, directly or indirectly, within the United States or Canada or to or for the benefit of a North American Person.

Application Forms will not be sent to Shareholders with registered addresses in the United States or Canada nor to Shareholders with registered addresses elsewhere whom the Company knows or reasonably believes to be holding ordinary shares for the benefit of a North American Person unless the Company is satisfied that such an allotment is permitted, and this document is therefore sent to any such Shareholders for information only to give notice of the EGM.

The Company reserves the right to reject any Application Form that appears to the Company or its agents to have been executed in or despatched from the United States or Canada or which provides an address in the United States or Canada for delivery of definitive share certificates for Offer Shares or which does not make the warranties relating to Overseas Shareholders in the Application Form.

For the purpose of this document and the Application Forms “North American Person” means any person who is a resident of the United States or Canada (including corporations, partnerships or other entities created or organised in or under the laws of the United States or Canada or any estate or trust which is subject to United States federal or Canadian income taxation regardless of the source of its income), “United States” meaning the United States of America, each State thereof and the District of Columbia, its territories and possessions and other areas subject to its jurisdiction and “Canada” includes its possessions and territories.

*(c) Australia*

No prospectus in relation to the Offer Shares has been or will be lodged with, or registered by, the Australian Securities Commission. Offer Shares may not be offered for subscription or purchase, sold, or delivered, indirectly or directly, nor may any invitation to subscribe for or buy or sell Offer Shares be issued or any draft or definitive document in relation to any such offer, sale or invitation be distributed, in or into the Commonwealth of Australia, its states, territories or possessions (“Australia”) or to or for the account or benefit of any person (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of any such corporation or entity located outside Australia).

Accordingly, no offer of Offer Shares is being made under this document or the Application Forms to Shareholders with registered addresses in, or to residents of, Australia and Application Forms will therefore not be sent to Shareholders with registered addresses in Australia. The Company reserves the right to reject any Application Form which appears to the Company or its agents to have been executed in or despatched from Australia or which provides an address in Australia for delivery of definitive share certificates for Offer Shares or which does not make the warranties relating to Overseas Shareholders in the Application Form.

*(d) South Africa*

In order to comply with South African laws, Shareholders with registered addresses in South Africa may also require the approval of the South African exchange control authorities if they wish to take up their entitlement.

**It is the responsibility of all persons resident outside the United Kingdom who wish to take up their Offer Shares to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental and other consents and complying with all formalities to enable them to take up their entitlements.**

**The above comments are intended as a general guide only and do not constitute a definitive statement of the specific laws affecting Shareholders.**

Overseas Shareholders who are in any doubt as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlement to Offer Shares should consult their professional advisers.



### **Money laundering regulations**

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations 1993, Harford Registrars, the Company, or Ellis & Partners are entitled to require, in their absolute discretion, verification of identity from the person lodging an Application Form (an "applicant") including, without limitation, any applicant who either (i) tenders payment by way of a cheque or bankers' draft drawn on an account in the name of a person or persons other than the applicant or (ii) appears to Harford Registrars or Ellis & Partners to be acting on behalf of some other person. Return of an application to subscribe for Offer Shares with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations 1993 will not be breached by acceptance of the remittance. Pending the provision of satisfactory evidence as to identity, Harford Registrars or Ellis & Partners may in their absolute discretion retain an Application Form lodged by an applicant and/or the cheque or other remittance relating to the subscription for Offer Shares and/or not enter the Offer Shares to which it relates on the register of members of the Company or issue any share certificates in respect of them.

If verification of identity is required, this may result in a delay in dealing with an Application Form or in rejection of the Application Form. The Company and Ellis & Partners reserve the right, in their absolute discretion, to reject any application in respect of which they or Harford Registrars consider that, verification of identity having been requested, satisfactory evidence of such identity has not been received by 3.00 p.m. on 20 August 1999. In the event of an application being rejected in any such circumstances, the application will be treated as invalid and no Offer Shares will be allotted to the applicant (in which event the money payable or paid in respect of the acceptance will be returned (without interest) to the account of the drawee bank or building society from which such sums were originally debited). The return of an Application Form, together with a cheque or bankers' draft as mentioned above, will constitute a warranty, and undertaking by the applicant to provide promptly to the Registrars such information as may be specified by it as being required for the purpose of verification of identity under the Money Laundering Regulations 1993.

Harford Registrars is entitled, in its absolute discretion, to determine whether verification of identity requirements apply to any applicant and whether such requirements have been satisfied. Neither Harford Registrars nor the Company nor Ellis & Partners shall be responsible or will be liable to any person for any loss or damage suffered as the result of the exercise of their discretion hereunder.

The verification of identity requirements will not usually apply:

- (a) if the applicant is an organisation required to comply with the EC Money Laundering Directive (no. 911308/EEC); or
- (b) if the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations 1993; or
- (c) if the applicant (not being an applicant who delivered his Application Form in person) makes payment by way of cheque drawn on an account in the name of such applicant; or
- (d) if the aggregate subscription price for the relevant Offer Shares is less than £11,000.

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (aa) if payment is made by building society cheque or bankers' draft, by the building society or bank endorsing on the cheque or draft the applicant's name and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated by a stamp and authorised signature; or
- (bb) if payment is not made by cheque drawn on an account in the name of the applicant and (a) above does not apply, by the applicant enclosing with his Application Form evidence of his

name and address from an appropriate third party, for example, a recent bill from a gas, electricity or telephone company or a bank statement, in each case bearing the applicant's name and address. Originals of such documents (not copies) are required and such documents will be returned in due course; or

- (cc) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (a) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Australia, Canada, Hong Kong, Iceland, Japan, New Zealand, Norway, Singapore, Switzerland, Turkey and the United States), by the agent providing written confirmation with the Application Form that it has that status and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to Harford Registrars, Ellis & Partners, the Company or any relevant authority.

In order to confirm the acceptability of any written assurance referred to in (cc) above or in any other case, the applicant should contact Harford Registrars (Tel: 0171 637 9523).

If an Application Form in respect of Offer Shares with an aggregate subscription price of £11,000 or more is lodged by hand by the applicant in person, the applicant should ensure that he has with him evidence of identity bearing his photograph (for example his passport) and evidence of his address.

### **Payment**

All payments must be made by cheque or bankers' draft in pounds sterling drawn on a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man, which is either a settlement member of the Cheque and Credit Clearing Company or CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the clearing facilities provided for members of either of those companies, and must bear the appropriate sort code number in the top right hand corner. Any application which does not comply with these requirements may be treated as invalid.

Cheques or bankers' drafts should be made payable to Harford Registrars A/C Millwall Holdings PLC and should be crossed "A/c payee only". Eurocheques, unless drawn on a bank in the United Kingdom, the Channel Islands or the Isle of Man, will not be accepted. Any interest earned on payments made before they are due will be retained for the benefit of the Company.

The Company reserves the right to have cheques presented on receipt and to instruct Harford Registrars to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. Any person returning an Application Form with a remittance in the form of a cheque thereby warrants that the cheque will be honoured on first presentation. If cheques or bankers' drafts are presented for payment before the conditions of the Open Offer are fulfilled, the monies will be kept in a separate bank account until the conditions are fully met. In the event that the Open Offer does not become unconditional by 9.00 a.m. on 25 August 1999 (or such later time and date, being not later than 9.00 a.m. on 30 September 1999 as Ellis & Partners and the Company may agree), all application monies will be returned to applicants as soon as is practicable thereafter. The interest earned on monies held in the separate bank account will be retained for the benefit of the Company. If any cheque is not honoured on first presentation, the relevant application may be deemed to be invalid.

All documents or remittances sent by an applicant (or as he or she may direct) will be sent through the post at his/her own risk.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to Harford Registrars, Harford House, 101-103 Great Portland Street, London W1N 3DE, tel 0171 637 9523.

**If you do not wish to apply for the Offer Shares under the Open Offer, you should take no action and should not complete or return the Application Form.**

#### **Settlements or Dealings**

The result of the Open Offer is expected to be announced on 23 August 1999. Application has been made for the Offer Shares to be admitted to the Official List. It is expected that Admission will become effective and that dealings in the Offer Shares will commence on 25 August 1999 for normal rolling settlement.

It is expected that definitive share certificates for the Offer Shares will be despatched by 2 September 1999. In respect of the Offer Shares whose allottees have validly elected for their issue in uncertificated form, the relevant Offer Shares shall be credited by 25 August 1999 to the account maintained in the CREST system (the settlement system operated by CRESTCo) by the persons entitled thereto. No temporary documents of title will be issued and pending despatch of share certificates, transfers will be certified against the share register of the Company.

#### **Further Information**

Your attention is drawn to the further information set out in this document and to the terms and conditions set out in the enclosed Application Form.

Yours sincerely

Ellis & Partners Limited

## **PART III**

### **UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MAY 1999**

The following is the full text of the unaudited interim results of the Group, announced today, for the six months ended 31 May 1999:

#### **Chairman's Statement**

The emphasis on the 6 month period has been on youth. The youngsters who broke into the first team in the early part of the season performed at a level which I believe exceeded everyone's expectations. Based on their enthusiasm and skill, and the strong management team of Keith Stevens and Alan McLeary, we finished a creditable 10th place in the league and reached the final of the AutoWindscreens Shield at Wembley. Since the end of the season, we have added 4 experienced players to the squad to blend in with the youngsters, and there is now healthy competition for every place in the team.

We have strongly resisted the temptation to sell any of our talented youngsters and in this we were aided by the AutoWindscreens final, which, taking into account the gate money and all the commercial activities surrounding the day, netted us a profit of approximately £405,000. However, the costs of running the team and the infrastructure of the Club still outstrip the income that we derive in the Second Division. Promotion must be our target and to that aim, we have today announced an open offer to raise about £2.5 million before expenses. This will enable us to avoid being forced to sell players in the short term in what I hope will be the start of a successful 1999/2000 campaign.

Much has been happening off the field. We have said goodbye to our previous sponsors Live TV and ASICS and welcome on board Giorgio and Strike Force, who will be our principal sponsor as well as our kit supplier. We have also concluded a deal with the production company of BSkyB's "Dream Team" programme who will be using The Den as their home until the end of March 2000 for filming and production. The Club shop has been completely refitted and a new electronic point of sale system installed which will hopefully make shopping a more pleasant and faster experience. We have reorganised the seating at The Den and extended the Family Enclosure significantly – the take up of children's season tickets for that facility has justified our actions. Finally, the Millwall Supporters Club is firmly established and forms a valuable conduit of information between the football club and the supporters.

I would like to take this opportunity to thank everyone at the Club for all their hard work and enthusiasm during this period, and the fans for their fantastic support, particularly at Wembley.

**THEO PAPHITIS**

*Chairman*

## Consolidated Profit and Loss Account

|  |              | <i>Unaudited<br/>6 months<br/>ended<br/>31 May<br/>1999<br/>£'000</i> | <i>Unaudited<br/>6 months<br/>ended<br/>31 May<br/>1998<br/>£'000</i> | <i>Audited<br/>year<br/>ended<br/>30 November<br/>1998<br/>£'000</i> |
|--|--------------|---|---|--|
|  | <i>Notes</i> |   |   |  |
| <b>Turnover</b>                                    |              | 2,504   | 1,575   | 2,923  |
| Other operating income                             |              | —   | 11  | 17   |
|  |              | <u>2,504</u>  | <u>1,586</u>  | <u>2,940</u>   |
| External charges                                   |              | (1,337)   | (869)   | (2,088)  |
| Staff costs  |              | (1,396)   | (1,190)   | (2,952)  |
| Depreciation                                       |              | (93)  | (268)   | (659)  |
| Amortisation of players' registrations             |              | (304)   | (261)   | (429)  |
| Profit on disposal of players' registrations       | 2            | <u>8</u>  | <u>15</u>   | <u>105</u>   |
| <b>Loss on ordinary activities before interest</b> |              | (618)   | (987)   | (3,083)  |
| Investment income                                  |              | —   | 32  | 37   |
| Interest payable and similar charges               |              | <u>(44)</u>   | <u>(2)</u>  | <u>(31)</u>  |
| <b>Loss on ordinary activities before taxation</b> |              | (662)   | (957)   | (3,077)  |
| Taxation   | 3            | <u>—</u>  | <u>—</u>  | <u>—</u>   |
| <b>Loss for the period</b>                         |              | <u>(662)</u>  | <u>(957)</u>  | <u>(3,077)</u>   |
| <b>Loss per share</b>                              | 4            | <u>(0.06)p</u>  | <u>(0.08)p</u>  | <u>(0.30)p</u>   |
| <b>Dividend per share</b>                          | 5            | <u>Nil</u>  | <u>Nil</u>  | <u>Nil</u>   |

### Notes

- The figures are for the period 1 December 1998 to 31 May 1999.
- This interim report has been prepared on the basis of the accounting policies set out in the Group's 1998 statutory accounts.
- No taxation is payable in respect of any period due to the incidence of losses available.
- The loss per share is calculated on the weighted average number of shares in issue and ranking for dividend in the period.

|  | <i>31 May<br/>1999</i> | <i>31 May<br/>1998</i> | <i>30 November<br/>1998</i> |
|--|------------------------|------------------------|-----------------------------|
| Weighted average number of shares in issue | 1,199,944              | 1,179,944              | 1,179,944                   |

- The Directors do not recommend the payment of an interim dividend (1998 : Nil)
- These interim figures are unaudited and do not constitute statutory accounts within the meaning of Section 254 of the Companies Act 1985. A copy of the Group's statutory accounts for the 12 months ended 30 November 1998 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified.
- A copy of this report is being sent to all shareholders and copies are available to the public at the Company's registered office.

## **PART IV**

### **RISK FACTORS**

#### **1. Status of the Club**

The Club currently plays in the Second Division. The income of the Club could be significantly affected by relegation to the Third Division.

#### **2. Competition**

It is not possible to predict match results with any certainty. Income from gate receipts and other match related income will fluctuate depending on the success of the football team.

#### **3. The transfer market**

There are three key risk factors in respect of the transfer market;

- (a) Following the Bosman decision of the European Court of Justice in December 1995, a transfer fee can no longer be charged in respect of an EU National player whose contract has expired and is moving to a club in any other EU country (including EEA countries) or a player over the age of 24 whose contract has expired and is moving to a club in England. This has had a downward effect on transfer fees, particularly as a player nears the end of his contract.
- (b) The free movement of trade within the EU has allowed English football clubs to attract European players. Currently there has been a large influx of foreign players, particularly in the Premier League, which in turn has resulted in a significant reduction in transfers from the Football League and the Premier League. This has resulted in generally lower transfer fees in respect of transfers from the Second Division to the First Division and/or to the Premier League than were previously obtained.
- (c) The value of players may fluctuate not only as a result of the remaining term of their contract for the reasons explained in (a) and (b) above, but also depending on their individual performances, fitness and ultimately demand from other clubs in respect of any particular player. Transfer revenues cannot be predicted with any certainty.

#### **4. Television rights and other contracts**

The validity of the collective negotiation of television rights by the Premier League is currently being challenged by the Restrictive Trade Practices Court. If the Court decides that each Premier League Club should be free to negotiate its own contracts it is possible that the decision may be extended to the collective negotiation by the Football League for the televising of all Football League games. The individual sales of television rights by each club, together with either a promotion or relegation of the Club and the change in interest from broadcasters this would bring, may affect the income of the Club derived from television rights.

#### **5. Key employees**

Due to the nature of the footballing profession, it is not possible to guarantee the retention of players and some managerial staff, who may be key employees.

## PART V

### ADDITIONAL INFORMATION

#### 1. The Company

- 1.1 The Company was incorporated in England on 6 March 1989 under the Act with registered number 2355508 as a public limited company with the name Jorraban (No. 25) PLC. By Special Resolution dated 14 August 1989 the name of the Company was changed to Millwall Holdings PLC.
- 1.2 The Company's registered office and head office is at The Den, Zampa Road, London SE16 3LN.
- 1.3 The Company is the holding company of a group engaged primarily in the operation of a professional football club and its related activities.

#### 2. Directors

- 2.1 The Directors of the Company are:

Theodoros Paphitis (*Chairman and Chief Executive*);  
Peter William Mead FIPA (*Non Executive Vice Chairman*);  
Jeffrey David Burnige BA (Hons) (*Executive Director*);  
Steven Barry David Ring FCA (*Finance Director*);  
Timothy John Jackaman (*Non Executive Director*);  
Richard Edward Towner MA (*Non Executive Director*).

The business address of the Directors is The Den, Zampa Road, London SE16 3LN.

- 2.2 In addition to their directorships in the Company and its subsidiaries, the Directors currently hold or have held the following directorships within the five years prior to the publication of this document and are or have been partners in the following firms within the five years prior to publication of this document.

| <i>Director</i> | <i>Current Directorships or Partnerships</i>   | <i>Past Directorships or Partnerships</i>   |
|-----------------|--|---|
| T. Paphitis     | Chancerealm Limited<br>Contessa (Ladieswear) Limited<br>Independent Managers Limited<br>La Senza Limited<br>Movie and Media Sports Limited<br>Movie and Media Sports (Holdings) Plc<br>NAG Communications Limited<br>Oprimar Limited<br>Prizedeal Limited<br>Ryman Limited<br>Starjestic Limited<br>The Lewisham Challenge Partnership Limited<br>Walton & Hersham F.C. (1982) Limited<br>Xunely Limited | Brandbase Limited<br>Bushtrade Limited<br>Oakhill Enterprises Plc<br>Watford World of Golf Limited<br>NAG Telecom Limited   |
| P.W. Mead       | Abbott Mead Vickers Plc<br>Abbott Mead Vickers BBDO Limited<br>BBDO Limited<br>BBDO (UK) Limited<br>Clarke Hooper Consulting Limited<br>Fishburn Hedges Boys Williams (Holdings) Limited<br>Freud Communications Limited<br>Frew Macmaster Limited<br>Redwood Publishing Limited<br>The Richmond Theatre Trust Limited   | Abbot Mead Vickers Group<br>Pension Trustee Limited<br>Fishburn Hedges Boys Williams Limited<br>Gardner Merchant Services Group<br>The Institute of Practitioners in Advertising<br>In 2 Minds Limited<br>Easy Options Limited<br>Top Shot Golf Centres Limited<br>Reeves Robertshaw Needham Limited<br>Wembley plc |

| <i>Director</i> | <i>Current Directorships or Partnerships</i>   | <i>Past Directorships or Partnerships</i>   |
|-----------------|--|---|
| J.D. Burnige    | None   | Abchurch Investments Limited  |
| S.B.D. Ring     | Chancerealm Limited<br>Contessa (Ladieswear) Limited<br>La Senza Limited<br>Movie and Media Sports (Holdings) Plc<br>Movie and Media Sports Limited<br>NAG Communications Limited<br>Oprimar Limited<br>Ryman Limited<br>SR/NR Services Limited<br>Xuncly Limited  | Ashlodge Properties Limited<br>Brandbase Limited<br>Griffin Edelman Limited<br>Gerald Edelman   |
| T.J. Jackaman   | Square Mile Communications Limited<br>Square Mile Holdings Limited   | None  |
| R.E. Towner     | Capital Finance Partners Limited<br>Chancerealm Limited<br>Contessa (Ladieswear) Limited<br>Darnley Management Limited<br>Kynoch Group Plc<br>La Senza Limited<br>Movie and Media Sports (Holdings) Plc<br>Movie and Media Sports Limited<br>NAG Communications Limited<br>Oprimar Limited<br>Ryman Limited<br>Tamaris plc<br>Taylor Clark PLC<br>Xunely Limited | A. Kershaw & Sons Plc<br>Nemo (AKS) Limited<br>H.T. (Floridan) Limited<br>Cadmus Investment Management Limited<br>Stace Barr Holdings Limited<br>Exsira Limited<br>Conaton Limited<br>Keston Consultants Limited<br>EMCO Kitchen Planners Limited |

- 2.3 Mr. T. Paphitis was Chief Executive of A.T. Trust Plc. Following the takeover of Splash Plc in 1990 there were disagreements on policy regarding the disposal of a subsidiary between Mr. Paphitis and the shareholders representatives of A.T. Trust Plc which resulted in Mr. Paphitis resigning from the Board of A.T. Trust Plc on 13 July 1990 and receiving compensation in respect of his leaving the Board. In September 1990 Receivers were appointed to A.T. Trust Plc and a Statement of Affairs showed a deficiency to creditors of some £3.5 million. The Company remains in administrative receivership.

Mr. T. Paphitis was appointed a non-executive director of Watford World of Golf Limited on 26 February 1993 and resigned on 23 February 1994. An administrative receiver was appointed on 8 February 1995.

Mr. R.E. Towner was appointed a director of H.T. (Floridan) Limited (formerly T.H. Fashion Accessories Limited) on 30 May 1996 for the purposes of formalising an acquisition on that date. He did not participate in the running of the Company and resigned with effect from the 20 June 1996. The Company was placed in administrative receivership on 22 January 1997 and went into creditors voluntary liquidation on 28 October 1997.

Mr. J.D. Burnige was chairman of Abchurch Investments Limited when it was placed into creditors voluntary liquidation in November 1992. The deficiency to creditors was £46,902.

Mr. J.D. Burnige and Mr. P.W. Mead were directors of the Company and of the Club when the Company and the Club were put into administration on 30 January 1997. Both companies came out of administration on 26 June 1997.

Save as disclosed in this paragraph no Director ;

- (a) has any unspent convictions; or
- (b) has become bankrupt or entered into any voluntary arrangement;
- (c) has been a director of any company or a partner of any firm which, at that time or within 12 months after his ceasing to be a director or a partner (as the case may be), had a receiver appointed or went into compulsory liquidation, or creditors voluntary liquidation or went into administration, or entered into company or partnership voluntary arrangements or made any composition or arrangement with its creditors;



- (d) has owned an asset or been a partner of a partnership owning an asset over which a receiver has been appointed at that time or within 12 months after his ceasing to be a partner;
- (e) has had any public criticism against him by any statutory or regulatory authority (including recognised professional bodies) or has been disqualified by a court from acting as a director or acting in the management or conduct of the affairs of any company.

2.4 Mr. Jackaman will retire by rotation as a director at the Annual General Meeting to be held on 18 August 1999. A resolution to re-elect him as a director will be proposed at that Annual General Meeting.

### 3. Share Capital

3.1 The table below sets out the details of the authorised and issued share capital of the Company as at 26 July 1999 (being the last practicable date prior to publication of this document):

|                 | <i>Authorised</i> |               | <i>Issued and Fully Paid</i> |               |
|-----------------|-------------------|---------------|------------------------------|---------------|
|                 | £                 | Number        | £                            | Number        |
| Ordinary Shares | 16,910,559.12     | 1,691,055,912 | 12,099,440.88                | 1,209,944,088 |

3.2 The following are details of the changes in the authorised and issued share capital of the Company since 28 July 1996:

- (i) on 18 October 1996 the Company issued 17,137,500 Ordinary Shares for cash at a price of 3.0375p per share.
- (ii) At an Extraordinary General Meeting held on 20 May 1997 resolutions were passed for the purposes of:
  - (a) consolidating every two Ordinary Shares then in issue into one share of 2p each and thereupon sub-dividing each such share into one Ordinary Share of 1p and one Deferred Share of 1p;
  - (b) increasing the authorised share capital from £5,000,000 to £18,710,000 by the creation of 1,371,000,000 Ordinary Shares;
  - (c) allotting, pursuant to Section 80 of the Act, relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £14,523,119, such authority to expire on whichever was the earlier of the conclusion of the Company's annual general meeting in 1998 and 20 August 1998;
  - (d) authorising the Directors, pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94(2) of the Act) in connection with a placing of 640,111,284 Ordinary Shares of 1p each and to grant options to Mr Paphitis or to the Company providing his services as detailed in section 6.2, such authority to expire on whichever was the earlier of the conclusion of the Company's annual general meeting in 1998 and 20 August 1998; and
  - (e) authorising, pursuant to Section 95 of the Act, the disapplication of the statutory pre-emption rights contained in Section 89(1) of the Act with regards to any other issue of equity securities (as defined in Section 94(2) of the Act) up to an aggregate nominal amount of £589,972 (representing approximately 5 per cent of the enlarged issued share capital), such authority to expire on whichever was the earlier of the conclusion of the Company's annual general meeting in 1998 and 20 August 1998.
- (iii) On 17 December 1997 the authorised share capital of the Company was reduced from £18,710,000 to £16,910,559.12 by cancelling all the deferred shares in issue by way of special resolution, as confirmed by an Order of the High Court of Justice, Chancery Division. The court order approving the reduction was registered on 19 December 1997. The Company transferred the amount outstanding on the deferred shares to a capital reserve.
- (iv) On 16 February 1999 the Company issued 30,000,000 Ordinary Shares by way of a private placing to raise £300,000.
- (vii) At the Annual General Meeting to be held on 18 August 1999 resolutions will be proposed, *inter alia*, for the purposes of:

- (a) authorising the Directors to allot, pursuant to section 80 of the Act, relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £4,811,118, such authority to expire on whichever is the earlier of the conclusion of the next annual general meeting of the Company and 18 November 2000, and
- (b) authorising the Directors, pursuant to section 95 of the Act to allot equity securities as defined in Section 94(2) of the Act) in connection with a rights issue and otherwise for cash up to a maximum aggregate of £604,972 as if section 89(1) of the Act did not apply to any such allotment, such authority to expire on whichever is the earlier of the conclusion of the next annual general meeting of the Company and 18 November 2000.

3.3 At the EGM Special Resolutions will be proposed, *inter alia*, for the purposes of:

1.
  - (i) sub-dividing each issued Ordinary Share into one New Ordinary Share and nine Deferred Shares;
  - (ii) subdividing each authorised but unissued Ordinary Share into 10 New Ordinary Shares;
  - (iii) increasing the authorised share capital of the Company from £16,910,559.12 to £21,910,559.12 by the creation of 5,000,000,000 New Ordinary Shares (an increase of approximately 29.5 per cent. in the authorised share capital prior to the implementation of the Capital Reorganisation);
  - (iv) authorising the Directors to allot, pursuant to Section 80 of the Act, relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £532,375 (representing approximately 33 per cent. of the Company's enlarged issued share capital), such authority to be in substitution for the authority (if any) given to the Directors at the Annual General Meeting of the Company convened for 18 August 1999 and any adjournment thereof, such authority to expire on whichever is the earlier of a date being 15 months from the date of the passing of the first Special Resolution or the conclusion of the Company's annual general meeting to be held in the year 2000;
  - (v) authorising the disapplication of the statutory pre-emption rights contained in section 89(1) of the Act for the purpose of the Open Offer and the grant of options under the Share Option Scheme and of any other issue of equity securities for cash up to an aggregate nominal amount of £161,326 (representing approximately 10 per cent. of the Company's enlarged issued share capital such authority to be in substitution for the authority (if any) given to the Directors in respect of Section 95 of the Act at the Annual General Meeting of the Company convened for 18 August 1999 and any adjournment thereof, such authority to expire on whichever is the earlier of a date being 15 months from the date of the passing of the first Special Resolution or the conclusion of the Company's annual general meeting in 2000; and
  - (vi) amending the Articles of Association by the deletion of the present Article 3 and the substitution in its place of a new Article 3 setting out the authorised share capital of the Company and the rights attached to the Deferred Shares.
2. conditionally upon resolution 1 being passed and becoming effective:
  - (i) reducing the capital of the Company by cancelling all of the Deferred Shares;
  - (ii) cancelling the balance standing to the credit of the Company's share premium account following the issue of the Offer Shares; and
  - (iii) contingently upon the cancellation of the Deferred Shares and the share premium account becoming effective, the amendment of the Articles of Association of the Company by deleting the then current Article 3 and the substitution in its place of a new Article 3 setting out the authorised share capital of the Company.

3.4 Except to the extent disapplied pursuant to Section 95 of the Act, the provisions of Section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in Section 94(2) of that Act) which are, or are to be, paid up in cash) will apply to the authorised but unissued Ordinary Shares in the capital of the Company following the Open Offer.

- 3.5 The table below sets out the authorised and issued share capital of the Company as it will be immediately after the Capital Reorganisation and the Open Offer:

| <i>Authorised</i> |                | <i>Issued and fully paid</i> |                               |
|-------------------|----------------|------------------------------|-------------------------------|
| £                 | Number         | £                            | Number                        |
| 11,021,062.33     | 11,021,062,328 | New Ordinary Shares          | £1,613,258.78 1,613,258,784   |
| 10,889,496.79     | 10,889,496,792 | Deferred Shares              | £10,889,496.79 10,889,496,792 |

The Offer Shares proposed to be issued will rank *pari passu* in all respects with the New Ordinary Shares of the Company existing following the Capital Reorganisation, including the right to receive all dividends and other distributions hereafter declared, made or paid in respect of the ordinary share capital of the Company.

- 3.6 The Offer Shares are neither being sold nor are they available in whole or in part to the public otherwise than pursuant to or in connection with the Open Offer.
- 3.7 The issue price of 0.625p per Offer Share is to be payable in full on acceptance not later than 3 p.m. on 20 August 1999.
- 3.8 The following table shows the middle market quotations for an Ordinary Share (in issue prior to the Capital Reorganisation), as derived from the London Stock Exchange Daily Official List on the first dealing day of each month from 4 January 1999 to 1 July 1999 (inclusive) and for 26 July 1999, being the last practicable date prior to the publication of this document.

| <i>Date</i>     | <i>Share price</i> |
|-----------------|--------------------|
| 4 January 1999  | 0.875p             |
| 1 February 1999 | 0.875p             |
| 1 March 1999    | 1.125p             |
| 1 April 1999    | 1.125p             |
| 4 May 1999      | 1.0p               |
| 1 June 1999     | 1.0p               |
| 1 July 1999     | 0.875p             |
| 26 July 1999    | 0.875p             |

- 3.9 Save as disclosed in this paragraph 3, within the three years immediately preceding the date of this document:
- (i) there has been no change in the amount of the issued share capital of the Company and no material change in the amount of the issued share or loan capital of any of its subsidiaries; and
  - (ii) no discounts or other special terms have been granted by the Company or by any of its subsidiaries in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries.
- 3.10 Save for the option granted to Independent Managers Limited (a company the whole of the issued share capital of which is beneficially owned by Mr Paphitis) referred to in paragraph 6.2 below, no share or loan capital of the Company or its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.
- 3.11 The issue price of the Offer Shares is at a premium of 0.525p to the 0.1p nominal value of each such Offer Share.
- 3.12 Application has been made to the London Stock Exchange for admission of the New Ordinary Shares and the Offer Shares to the Official List.
- 3.13 Pending the issue of definitive share certificates in respect of the Offer Shares, transfers will be certified against the register.

#### 4. Subsidiaries

The principal and only trading subsidiary of the Company, which is wholly owned by the Company and is incorporated in England, is the Club, details of which are as follows:

| <i>Name</i>                                     | <i>Main activity</i> | <i>Issued and fully paid share capital</i>  |
|---|----------------------|---|
| Millwall Football & Athletic Company (1985) plc | Football Club        | 400,000 Ordinary Shares of £1 each and 55,000 5 per cent cumulative preference shares of £1 each. |

The following are the other subsidiary undertakings of the Company, all of which are incorporated in England:

| <i>Name</i>                 | <i>Main activity</i> | <i>Percentage owned</i> |
|-----------------------------|----------------------|-------------------------|
| Lakerose Properties Limited | In liquidation       | 100%                    |
| Oprimar Limited             | Dormant              | 100%                    |

Lakerose Properties Limited was placed into liquidation on 19 August 1998.

Oprimar Limited has been dormant since incorporation and application has been made under section 652 Companies Act 1985 to have it removed from the register of companies.

## **5. Memorandum and Articles of Association**

The principal objects of the Company are set out in Clause 4 of its Memorandum of Association and are, *inter alia*, to carry on the business of a holding company.

The Articles of Association of the Company contain provisions, *inter alia*, to the following effect:

### **5.1 Voting rights**

Subject to any special terms as to voting upon which any share may be issued, on a show of hands every member who is present in person or being a corporation is represented by a duly authorised representative and in each case is entitled to vote shall have one vote and upon a poll every member present in person or by proxy and entitled to vote shall have one vote for every share held by him.

### **5.2 Variation of class rights and changes in capital**

The rights attached to any class of share may, subject to the provisions of the Act, be modified varied or abrogated (a) in such manner (if any) as may be provided by these rights or (b) in the absence of provision either with the consent in writing of the holders of at least three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class. At any such separate general meeting (other than an adjourned meeting) the necessary quorum is two persons personally present or by proxy holding or representing in nominal value by proxy or as the duly authorised representative of a corporate member one-third of the capital paid up on the issued shares of the class in question.

The Company in general meeting may by ordinary resolution:

- (a) consolidate and divide its share capital into shares of a larger amount;
- (b) sub-divide its share capital into shares of a smaller amount;
- (c) cancel any shares which have not been taken up or agreed to be taken up by any person and diminish its authorised share capital by the amount of the shares so cancelled;
- (d) increase its authorised share capital by such sum to be divided into shares of such amount, as the resolution shall prescribe; and
- (e) subject to the Act and to the rights attaching to existing shares, the Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner.

### **5.3 Dividends**

Subject to any preferential or other special rights attached to any shares issued by the Company the profits of the Company available for dividend and which the Company shall so determine to distribute by way of dividend shall be apportioned and paid to the members entitled thereto proportionately to the amounts paid up on the shares.

Any dividend unclaimed after a period of 12 years from the date such dividend is payable shall be forfeited and shall revert to the Company.

### **5.4 Distribution of assets on winding-up**

If the Company is wound up, the liquidator may, with the authority of an extraordinary resolution, subject to the Act, divide among the members in specie the whole or any part of the assets of the Company and may determine how such division shall be carried out as between different classes of members (if any).

## **5.5 Transfer**

A transfer of shares may be effected by transfer in writing in any usual form or in any other form approved by the board. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered into the register of members in respect thereof.

The board may, in its absolute discretion, and without assigning any reason therefor, refuse to register any transfer of any share or renunciation of a renounceable letter of allotment unless all of the following conditions are satisfied:

- (a) it is in respect of a share which is fully paid up;
- (b) it is in respect of only one class of share;
- (c) it is in favour of a single transferee or renouncee or not more than four joint transferees or renouncees;
- (d) it is duly stamped (if required);
- (e) it is delivered for registration at the registered office of the Company or such other place as the board may decide accompanied by the certificate for the shares to be transferred (save in the case of a transfer by a recognised person to whom no certificate was issued or in the case of a renunciation) and such other evidence as the board may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

Save as aforesaid, the Articles of Association contain no restrictions as to the free transferability of fully paid shares.

Assuming the passing of Resolution 3 at the Extraordinary General Meeting the Directors' power to refuse to register partly paid shares will be subject to a proviso that such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

## **5.6 Directors**

No shareholding qualification is required by a director.

The directors may from time to time appoint any other person to be a director either to fill a casual vacancy or by way of addition to the board. The director so appointed shall hold office until the dissolution of the annual general meeting following next after his appointment unless he is reappointed during the meeting.

The directors shall be entitled to pay out of the funds of the Company to the directors as fees in each year an aggregate sum not exceeding £100,000 as the directors may determine, such sum to be divided among such directors in such proportion as they may agree or, in default of agreement, equally provided that any director holding the office for part of a year shall unless otherwise agreed be entitled only to a proportionate part of such remuneration. The Company may by ordinary resolution increase the amount of the fees payable. The directors shall also be entitled to be repaid all travelling, hotel and other expenses properly incurred by them in the performance of their duties as director, including their expenses of travelling to and from board or committee or general meetings.

The directors may grant additional remuneration and expenses to any member of the board who renders any special or extra services to the Company, which may be payable in addition to or in substitution for his ordinary remuneration (if any) as a director and may be payable by way of a lump sum, participation in profits or otherwise as the directors shall determine.

Subject to the Act the directors may from time to time appoint one or more of their body to be the holder of any executive office including the office of managing or joint or assistant managing director on such terms and for such period as they may determine.

The directors may confer upon a director holding an executive office any of the powers authorities and discretion exercisable by the directors upon such terms and conditions as they think fit.

A director may hold any other office or place of profit under the Company (except that of auditor) in conjunction with his office of director and subject to any relevant legislation on such terms as to remuneration and otherwise as the board shall arrange. Any director may act by himself or through his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a director. Subject to the provisions of any relevant legislation

no director or intending, director shall be disqualified by his office from contracting with the Company either as vendor purchaser or otherwise nor, subject to the interest of the director concerned being duly declared, shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any director shall be in any way interested be liable to be avoided nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.

A director may hold office as a director or other officer or be otherwise interested in any other company of which the Company is a member or in which the Company is otherwise interested and unless otherwise agreed shall not be liable to account to the Company for any remuneration or other benefits receivable by him as a director or other officer of or by virtue of his interest in such other company.

Save as set out below a director shall not vote in respect of any contract, or arrangements or any other proposal whatsoever in which he has any interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise through the Company or in respect of which he has any duty which conflicts with his duty to the Company. A director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested, including the fixing or varying of the terms of his appointment or the termination thereof.

A director shall, in the absence of some other interest than is indicated below, be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters namely:

- (a) the giving of any guarantee security or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any guarantee security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by giving of security;
- (c) a contract, arrangement, transaction or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities in the underwriting or sub-underwriting thereof;
- (d) a contract, arrangement, transaction or proposal to which the company is or is to be a party concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not directly or indirectly the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of the share company (or of any third company through which his interest is derived) or of the voting rights available to members of such company or able to cause 1 per cent. or more of those voting rights to be cast at his direction;
- (e) a contract, arrangement, transaction or proposal concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or personal pension plan or employees' share scheme or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes or which does not accord to any director as such any privilege or benefits not accorded to the employees to whom the scheme or fund relates;
- (f) any contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiaries under which the director benefits in a similar manner as the employees and does not accord to any director as such any privilege or advantage not generally accorded to the employees to whom it relates; and
- (g) any contract, arrangement, transaction or proposal concerning the maintenance or purchase of any insurance policy for the benefit of directors or for the benefit of persons including directors.

Assuming the passing of Resolution 3 at the Extraordinary General Meeting, the Directors' entitlement to vote on matters at paragraph (e), which are contained in the existing Article 102.5 shall be removed, in line with current Stock Exchange practice.

The directors may establish, maintain, participate in or contribute to or procure the establishment, maintenance of, participation in or contribution to any pension, superannuation, benevolent or life

assurance fund, scheme or arrangement (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances, benefits and emoluments to any persons who are or were at any time in the employment or service of or who have at any time been directors of the Company or of any company which is or was a holding company or subsidiary of the Company or any of their predecessors in business (and for any member of his family, including a spouse or former spouse or a person who is or was dependent on him). Any director shall be entitled to participate in and retain for his own benefit any such donations, gratuities pensions, allowances, benefits or emoluments.

Subject to the Act, the directors may establish and maintain any employee's share scheme, share option or share incentive scheme and (if any such scheme so provides) contribute to any scheme for the purchase by or transfer allotment or issue to trustees of shares in the Company or its holding company to be held for the benefit of employees (including directors) of the Company and subject to any relevant legislation lend money to such trustees or employees to enable them to purchase such shares.

At every annual general meeting one-third of the directors for the time being who are subject to retirement by rotation shall retire from office. A retiring director shall be eligible for re-election.

## **5.7 Borrowing powers**

The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future, including uncalled capital, but shall restrict the borrowings of the Company so as to secure (in so far as they can) that the aggregate principal amount for the time being remaining undischarged of all monies borrowed by the group (exclusive of intra-group borrowings) shall not without the previous sanction of an ordinary resolution exceed a sum equal to 3 times the aggregate of

- (a) the amount paid up on the allotted or issued share capital of the Company; and
- (b) the amounts standing to the credit of the consolidated capital and revenue reserves of the Company and its subsidiaries (all as more particularly defined and specified in the Articles of Association and as shown in the then latest audited consolidated balance sheet of the Company and its subsidiaries.)

## **5.8 Deferred shares**

Assuming the passing of Resolution I at the Extraordinary General Meeting the rights and restrictions attaching to Deferred Shares will be as follows:

- (i) the holders of Deferred Shares shall have no right to receive notice of or to attend or vote at any general meeting of the Company;
- (ii) the holders of Deferred Shares shall have no right to receive any dividend or other distribution whether of capital or income;
- (iii) the Deferred Shares shall on a return of assets on a winding, up, entitle the holders only to the repayment of the amounts paid up on such shares after payment of the capital paid up on the Ordinary Shares plus the payment of £10,000,000 per Ordinary Share;
- (iv) the Company shall have irrevocable authority at any time after the creation of the Deferred Shares to appoint any person to execute on behalf of the holders of such shares a transfer and/or an agreement to transfer the same without making any payment to the holders thereof to such person or persons as the Company may determine and, in accordance with the provisions of the Companies Act 1985, to purchase or cancel such shares without making any payment to or obtaining the sanction of the holders thereof and pending such transfer and/or purchase or cancellation to retain (if any) in respect thereof.

## **6. Directors and Other Interests**

- 6.1 The interests of the Directors (all of which are beneficial unless otherwise stated) in the issued share capital of the Company as at 26 July 1999 (the latest practicable day prior to the date of this document) and immediately following completion of the Open Offer, such interests being those which are or would be required to be notified to the Company under the provisions of Section 324 or 328 of the Act or which are or would be required to be entered in the register of interests required to be maintained pursuant to Section 325 of the Act or which are interests of persons connected with the Directors within the meaning of Section 346 of the Act which would, if the connected person were a Director,

be required to be disclosed under Sections 324, 325 or 328 of the Act, the existence of which is known to or could, with reasonable diligence be ascertained by a Director, are as follows:

|                   | <i>Before the Open Offer</i>      |  | <i>Following the Open Offer</i>       |  |
|-------------------|-----------------------------------|--|---------------------------------------|--|
|                   | <i>No. of<br/>Ordinary Shares</i> | <i>Percentage of<br/>issued ordinary<br/>share capital</i> | <i>No. of New<br/>Ordinary Shares</i> | <i>Percentage of<br/>issued ordinary<br/>share capital</i> |
| T Paphitis        | 25,000,000                        | 2.07%  | 33,333,333                            | 2.07%  |
| P W Mead          | 2,908,125                         | 0.24%  | 3,877,500                             | 0.24%  |
| (non beneficial)  | 5,833,500                         | 0.48%  | 7,778,000                             | 0.48%  |
| J D Burnige       | 2,899,750                         | 0.24%  | 3,866,333                             | 0.24%  |
| S B D Ring        | 1,000,000                         | 0.08%  | 1,999,999                             | 0.12%  |
| (non beneficial)1 | 11,969,000                        | 0.99%  | 15,958,666                            | 0.99%  |
| T J Jackaman      | 1,000,000                         | 0.08%  | 1,333,333                             | 0.08%  |
| R E Towner        | 1,000,000                         | 0.08%  | 1,666,666                             | 0.10%  |

1. SBD Ring's non-beneficial shares are beneficially held for T Paphitis as part of his pension fund. SBD Ring acts as trustee to this fund.
2. Of P W Mead's non-beneficial holding of 5,833,500 shares, 2,916,750 shares are held by him jointly as a trustee for a trust of which members of his family are beneficiaries, whilst 2,916,750 shares are held by his wife M Mead jointly as a trustee for another trust of which members of his family are beneficiaries.
3. The number of New Ordinary Shares shown above includes Directors' irrevocable undertakings to subscribe for their initial entitlement and Excess Shares where applicable.

6.2 Pursuant to an agreement dated 3 December 1997 executed as a deed between the Company and Independent Managers Limited (the company through which the services of Mr Paphitis are provided), the Company has granted Independent Managers Limited an option to subscribe for 58,997,204 Ordinary Shares for nil consideration. The option may be exercised in whole or in part (but not in respect of less than 100 shares) at any time between 25 October 1998 and 2 December 2004. The exercise price under the agreement is 1p per Ordinary Share. On the exercise of the option either Independent Managers Limited or Mr Paphitis must indemnify the Company in respect of any tax liability (excluding any secondary Class I National Insurance contribution) on the Company which may arise on the exercise of the option. The Company shall issue the relevant number of shares to which the option relates within 30 days of the exercise. In the event of any variation in the issued share capital of the Company (including a sub-division as contemplated by the Proposals) the subscription price and the number of shares subject to the option shall be varied in such manner as the Company's auditors advise is fair and reasonable. Pursuant to the agreement, the Company shall at all times ensure that there are sufficient authorised but unissued shares to satisfy the option.

6.3 Save for the interests of the Directors disclosed in paragraph 6.1 above, the Directors are aware of the following interests in Ordinary Shares representing 3 per cent. or more of the Company's issued share capital as at 26 July 1999 (being the last practicable date prior to publication of this document).

|                                      | <i>No. of<br/>Ordinary Shares</i> | <i>Percentage of<br/>issued ordinary<br/>share capital</i> |
|--------------------------------------|-----------------------------------|--|
| The Equitable Life Assurance Company | 64,040,000                        | 5.29%  |
| Phildrew Nominees                    | 39,233,800                        | 3.24%  |

6.4 Save as set out in paragraph 6.1, following the Open Offer no Director will, and no person connected with a Director is expected to, have any interest in the share capital of the Company or any of its subsidiaries.

6.5 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Group and which were effected by any member of the Group during the current or immediately preceding financial year and remain in any respect outstanding or unperformed.

6.6 Mr. Jackaman, a Director, is a director of Square Mile Communications Limited which provides public relations services to the Group and will be receiving a fee of £2,500 (excluding VAT) for its services in relation to the Proposals.

6.7 Mr. Towner, a Director, is a consultant to Richards Butler, solicitors to the Company. Richards Butler will be receiving a fee for its legal services in relation to the Proposals.



6.8 At the date of this document there are no outstanding loans from the Company to any of the Directors nor has any guarantee been provided by the Company for the benefit of any of the Directors.

## **7. Directors' service arrangements and emoluments**

The Directors have entered into service agreements or agreements for services with the Company as follows:

- (a) an agreement dated 3 September 1997 between the Company and Independent Managers Limited, which provides the services of Mr Paphitis as executive director and chairman of the Company. Under the agreement the Company pays Independent Managers Limited a fee of £60,000 per annum (exclusive of VAT), subject to annual review. The agreement commenced with effect from 1 July 1997 and is terminable by either party giving not less than twelve months' notice.
- (b) an agreement dated 3 September 1997 between the Company and SR/NR Services Limited which provides the services as finance director of Mr Ring. Under the agreement a fee of £12,000 per annum (exclusive of VAT) is payable by the Company. The agreement commenced with effect from 1 July 1997 and is terminable by either party giving not less than six months' notice.
- (c) an agreement dated 3 September 1997 between the Company and Darnley Management Limited which provides the services of Mr Towner as non-executive director of the Company. Under the agreement a fee of £12,000 per annum (exclusive of VAT) is payable by the Company. The agreement commenced with effect from 1 July 1997 and is terminable by either party giving not less than six months' notice.
- (d) an agreement dated 3 September 1997 between the Company and Square Mile Communications Limited which provides the services of Mr Jackaman as non-executive director of the Company. Under the agreement a fee of £12,000 per annum (exclusive of VAT) is payable by the Company. The agreement commenced with effect from 1 July 1997 and is terminable by either party giving not less than six months' notice.
- (e) an agreement dated 9 October 1997 between the Company and Mr Mead appointing Mr Mead as vice chairman of the Company. Under the agreement a fee of £12,000 per annum (exclusive of VAT) is payable by the Company. The agreement commenced with effect from 1 July 1997 and is terminable by either party giving not less than six months' notice.
- (f) an agreement dated 20 July 1999 between the Company and Mr Burnige appointing Mr Burnige as an executive director of the Company with particular duties to develop the youth policy of the Club. The agreement is for a fixed term of six months commencing with effect from 1 July 1999. A salary of £15,000 is payable during the term of the agreement.

Save as disclosed above, no Director has or is proposed to have a service or other agreement for the provision of his services with any member of the Group which has a notice period in excess of one year.

The aggregate remuneration paid and benefits in kind granted to the Directors by any member of the Group for the year ended 30 November 1998 (being the last completed financial year prior to publication of this document) amounted to £62,400. The aggregate remuneration to be paid and benefits in kind granted to the Directors for the current financial year ending 30 November 1999 under the arrangements in force at the date of this document, are expected to amount to £32,400.

With the exception of Mr Burnige all the Directors or, as relevant, the companies providing their services waived their right to receive emoluments for the period 1 April 1998 – 30 November 1998. Payment of the Directors' emoluments (excluding those of Mr Burnige) for the current year is under review subject to the financial status of the Company.

## **8. Principal Establishment**

The head office of the Company at The Den, Zampa Road, London SE16 3LN is a leasehold property of approximately 5.3 acres comprising a stadium, playing facilities and office space occupied under a 150-year lease expiring on 23 June 2143. The current annual ground rent is £10,000 plus a further sum equal to the higher of (i) £39,000, (ii) 0.75 per cent of the gross turnover of the above properties and (iii) 4 per cent of the net profits of the Club. The ground rent of £10,000 is subject to review on each fifth anniversary of 24 June 1998. Save as aforesaid none of the other establishments of the Group account for more than 10 per cent of net turnover of the Group.

## 9. The Share Option Scheme

### *Introduction*

The Scheme which was adopted on 20 May 1997 enables options over ordinary shares in the Company to be granted to eligible employees and Directors. It is divided into two parts: the approved part (which was approved by the Inland Revenue on 22 September 1997 (the 'Approved Date'), offering favourable tax treatment on the exercise of options) and the non-approved part. Options are granted free of charge and may be exercised only by the persons to whom they are granted or by their personal representatives and are not transferable. The Company's Remuneration Committee ('the Committee') is responsible for administering the Scheme. Benefits under the Scheme will not be pensionable.

### *Eligibility*

The Committee may grant options to any employees and full time directors of the group (other than those due to retire within two years).

### *Period for the grant of options*

Options may be granted within 42 days immediately following the announcement of the Company's interim and/or final results for any period. In exceptional circumstances, options may be granted at other times.

### *Exercise price*

The exercise price per ordinary share is determined by the Committee but must be no less than its market value at the date of grant (or its nominal value, if higher).

### *Performance test*

At the grant of options the Committee will impose an objective condition ('the Performance Test') upon satisfaction of which the exercise of options will be dependant. The Performance Test will be designed to test whether there has been a sustained and significant improvement in the group's financial performance over a continuous period.

### *Individual limits*

An individual's overall participation is limited so that the aggregate market value at the date of grant of shares over which options have been granted to him within the previous ten years, under all group share option schemes (except savings-related schemes) cannot exceed four times his remuneration excluding benefits in kind. However, where the Committee is satisfied that there has been a significant improvement in the group's financial performance over the period of two or three financial years preceding the grant of an option, only subsisting options will be taken into account for this limit. An individual's participation under the approved part is limited so that the aggregate market value at the date of grant of shares over which options are to be granted to him do not exceed £30,000 when added to the aggregate market value of shares comprised in subsisting approved options held by him.

### *Scheme limits*

The number of ordinary shares issuable pursuant to options granted under the Scheme, when aggregated with the number of ordinary shares issued or issuable pursuant to rights granted under all selective group share option schemes within the previous periods of three and ten years may not exceed 3 per cent and 5 per cent respectively of the Company's issued ordinary share capital at the date of grant.

The number of ordinary shares issuable pursuant to options granted under the Scheme, when aggregated with the number of ordinary shares issued or issuable pursuant to rights granted under all group share schemes within the previous period of 10 years, may not exceed 10 per cent of the Company's issued ordinary share capital at the date of grant.

### *Exercise and lapse of options*

An option will normally be exercisable between three and ten years from the date of grant, provided the Performance Test has been satisfied. Options will normally lapse on the cessation of employment except in certain specified circumstances, including death, cessation on account of injury, disability, redundancy retirement, the company employing him ceasing to be a member of the group or where the Committee exercises its discretion in the participant's favour. In these circumstances, options may be exercised up to 12 months after cessation and the satisfaction of the Performance Test will not be required except in the case of retirement or an exercise of the Committee's discretion.

Options may also be exercised for a limited period after a takeover, reconstruction or winding up and the satisfaction of the Performance Test will not be required. In the event of a takeover or reconstruction, a participant may be permitted to exchange his option for an option over shares in the acquiring company.

#### *Variations of share capital*

On certain variations of the ordinary share capital of the Company including a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital, the Committee may adjust the exercise price or the number of ordinary shares comprised in existing options, subject to the approval of the Company's auditors and, as regards the approved part, of the Inland Revenue.

#### *Share rights*

Shares issued will rank *pari passu* with other ordinary shares then in issue but will not participate in any dividend or other rights attaching to the shares by reference to a record date preceding the date of issue.

#### *Amendments*

The Committee may amend the Scheme to attain and maintain Inland Revenue approval for the approved part.

The Committee may also make other amendments (subject to the approval of the Inland Revenue for the approved part), provided that any amendments do not materially affect a participant's subsisting option and further provided that any amendments which are made to the advantage of participants in relation to persons who can participate, individual and scheme limits and the basis for determining a participant's entitlement under an option, cannot be made without the approval of the Company in general meeting. However, shareholder approval is not required for minor amendments to benefit the administration of the Scheme or for amendments to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for future participants or for participating companies.

#### *Termination*

The Scheme will terminate 10 years after the Approval Date or earlier, if the Committee so determines.

As at 27 July being the last practicable date prior to the publication of this document, no options have been granted under either the approved part or non-approved part of the Scheme.

### **10. Taxation**

The following comments are intended only as a general guide for persons who hold Ordinary Shares as investments (and not as securities to be realised in the course of trade) and are the beneficial owners of those Ordinary Shares. They deal with certain limited aspects of current UK tax legislation and current UK Inland Revenue practice, either of which may change.

It is emphasised that the taxation implications of the Capital Reorganisation, the issue of Offer Shares pursuant to the Open Offer and the admission to listing of Offer Shares as described in this document are matters for Shareholders themselves and such Shareholders should consult their own professional advisers. Neither the Company nor its directors nor any other parties involved in the Capital Reorganisation, the issue of Offer Shares pursuant to the Open Offer and the admission to listing of Offer Shares as described in this document accept responsibility for taxation effect or liabilities on Shareholders.

Shareholders are advised to inform themselves of, and where appropriate take professional advice on, the taxation implications of the Capital Reorganisation, the issue of Offer Shares pursuant to the Open Offer and the admission to listing of Offer Shares as described in this document under the relevant laws of the jurisdiction to which they are subject by reason of citizenship, residence, domicile or otherwise.

#### *(a) Capital Gains*

The New Ordinary Shares and Deferred Shares arising from the Capital Reorganisation will be issued in the course of a reorganisation of the Share Capital of the Company. Accordingly a Qualifying Holder will not be treated as making a disposal of all or part of his Ordinary Shares by reason of the Capital Reorganisation. The New Ordinary Shares and Deferred Shares replacing a Qualifying Holder's original holding of Ordinary Shares as a result of the Capital Reorganisation will be treated as the same asset as, and having been acquired at the same time, as the Qualifying Holder's original holding of Ordinary Shares was acquired.

The issue and allotment of Offer Shares to a Qualifying Holder in proportion to the number of Ordinary Shares then held by him is treated by the Inland Revenue as amounting to a reorganisation

of the share capital of the company for the purpose of United Kingdom taxation of chargeable gains. Any Offer Shares so subscribed will, together with the holding of Ordinary Shares which gave rise to the right to participate in the Open Offer, be treated as a single asset and as having been acquired at the time the original holding of Ordinary Shares was acquired. The cost of the Offer Shares will be added to the cost of the original holding of Ordinary Shares, the base cost of which will be treated as increased by the amount paid.

Where a Qualifying Holder applies for more than his *pro-rata* entitlement and is allotted Offer Shares in excess of that *pro-rata* entitlement, that allotment will not be acquired pursuant to a reorganisation of share capital. The excess Offer Shares will be treated as if they were acquired separately for an amount equal to the Offer Price.

The sale of New Ordinary Shares will constitute a disposal for the purposes of United Kingdom taxation of chargeable gains and, accordingly, may give rise to a liability to taxation for a Shareholder who is resident or ordinarily resident in the United Kingdom (whether or not domiciled in the United Kingdom) or if neither resident nor ordinarily resident in the United Kingdom, carries on a trade in the United Kingdom through a branch or agency to which the New Ordinary Shares are attributable, subject to reliefs and allowances which may then be available.

The Finance (No. 2) Act 1998 contains provisions disapplying 'pooling' arrangements and for disposals on or after 6 April 1998 by individuals, trustees and personal representatives, indexation allowance will only be given for periods up to April 1998 but not thereafter. Indexation allowance is replaced by a taper relief which will reduce the amount of the chargeable gain according to how long the asset has been held for periods after 6 April 1998. Any New Ordinary Shares acquired pursuant to the Open Offer will, however, be treated as a single asset with the original holding of Ordinary Shares and be effectively pooled with them.

*(b) Stamp Duty and Stamp Duty Reserve Tax*

No United Kingdom stamp duty or stamp duty reserve tax ('SDRT') is payable upon the Capital Reorganisation.

No United Kingdom stamp duty or SDRT is payable on the allotment and issue of the Offer Shares.

The transfer on sale of New Ordinary Shares will be liable to ad valorem stamp duty or, if an unconditional agreement to transfer such New Ordinary Shares is not completed by a duly stamped transfer within two months, SDRT, generally in each case at the current rate of 50 pence for every £100 or part thereof of the consideration paid. Stamp duty or, as the case may be, the SDRT will be borne by the purchaser or transferee and where a purchase is effected through a stockbroker or other financial intermediary will be accounted for by that person.

NOTE: For stamp duty and SDRT, special rules apply in relation to depositary receipt arrangements or clearance services.

*(c) Dividends*

Under current United Kingdom legislation, no tax is withheld from dividend payments by the Company.

A United Kingdom resident individual, trustee or personal representative who is a Shareholder will be entitled to a tax credit in respect of any dividend paid. From 6th April 1999, the tax credit in respect of any dividend received amounts to one-ninth of the amount of the dividend. It will therefore equal 10 per cent of the aggregate amount of the dividend and the tax credit. Generally, the liability to United Kingdom income tax is calculated on the sum of the cash dividend and the tax credit. An individual Shareholder whose income is within the lower or basic rate tax bands will be subject to income tax at the rate of 10 per cent on their dividend income, so that such a Shareholder will have no further liability to income tax on the dividend. The higher rate of income tax in respect of dividend income has been reduced from 40 per cent to 32.5 per cent. An individual Shareholder liable to tax at the higher rate will be able to set the tax credit against his liability to income tax on the dividend and will have further tax to pay of 22.5 per cent on the sum of the dividend and the tax credit. A Shareholder who is not liable to income tax on the dividend (or any part of it) will not be able to claim payment of the tax credit (or part of it) in cash from the Inland Revenue.

A United Kingdom resident corporate Shareholder will not generally be liable to United Kingdom corporation tax on any dividend received. A United Kingdom resident corporate Shareholder (including authorised unit trusts and open-ended investment companies) and pension funds are not entitled to payment in cash of the tax credit.

Whether a Shareholder who is resident for tax purposes in a country other than the United Kingdom is entitled to a payment from the Inland Revenue of a proportion of the tax credit in respect of dividends received depends in general upon the provisions of any double tax convention or agreement which exists between that country and the United Kingdom. An individual Shareholder who is resident in a country other than the United Kingdom but who is a Commonwealth citizen, a national of a member state of the European Economic Area or who falls within certain other categories of person within Section 278 of the Income and Corporation Taxes Act 1988 is entitled to the entire tax credit which may be set against the total United Kingdom income tax liability.

Persons who are not resident in the United Kingdom should consult their own tax advisers concerning their tax liabilities in the United Kingdom and any other country on dividends received, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so, and whether any relief is due in any country in which they are subject to tax.

## **11. Material Contracts**

The following contract, not being a contract entered into in the ordinary course of business, has been entered into by the Company and/or its subsidiaries within the 2 years immediately preceding the date of this document and is, or may be material:

On 28 July 1999 the Company entered into an agreement, the Underwriting Agreement, with Ellis & Partners and Seymour Pierce under which Ellis & Partners has agreed to underwrite the Open Offer. Ellis & Partners agrees to use its reasonable endeavours to procure subscribers for the shares not taken up by the *Qualifying Shareholders under the Open Offer and to the extent it fails to do so, to subscribe for them at the Offer Price itself*. Ellis & Partners is entitled to a fee of £10,000 and, subject to Admission becoming effective, an underwriting commission of 3.25 per cent. of the value at the Offer Price of the Offer Shares save for those subject to irrevocable undertakings as detailed in Part I amounting in aggregate to 15,213,789 shares. Sub-underwriting commissions, if any, are to be paid by Ellis & Partners out of their commission.

The Company has given certain warranties to Ellis & Partners and Seymour Pierce. In consideration of receiving such warranties Seymour Pierce undertakes to perform its obligations under its letter of engagement for the Open Offer. The Underwriting Agreement is subject to certain conditions including the passing of Resolution 1 as a Special Resolution at the Extraordinary General Meeting and the Admission of the New Ordinary Shares and the Offer Shares to the Official List.

## **12. Miscellaneous**

### **Financial information**

The financial information concerning the Group contained in this document does not constitute statutory accounts within the meaning of Section 240 of the Act. No statutory accounts have been prepared for the Company since 30 November 1998. The auditors have made a report under Section 236 of the Act on each set of *Accounts of the Company for the year ended 30 November 1998, the 18 months ended 30 November 1997 and the year ended 31 May 1996* which have all been delivered to the Registrar of Companies. Each report was unqualified and did not contain a statement under Section 237(2), (3) or (4) of the Act.

### **Significant changes**

Save as disclosed in Current Trading and Prospects in Part I of this document, there has been no significant change in the financial or trading position of the Group since 31 May 1999 being the date to which the Group's unaudited interim accounts were made up.

### **Consents**

Ellis & Partners Limited has given and not withdrawn its written consent to the issue of this document with the inclusion therein of its letter (Part II) and to the reference to it in the form and context in which such references are included and has authorised the letter from Ellis & Partners Limited in Part II for the purposes of Section 152(1)(c) of the Financial Services Act 1986.

### **Costs**

The total costs, charges and expenses payable by the Company in connection with the Open Offer are estimated to amount to approximately £270,000 (excluding VAT).

### **Statutory Accounts**

Statutory accounts for the Company for the year ended 30 November 1998, for the 18 months ended 30 November 1997 and for the year ended 31 May 1996 have been delivered to the Registrar of Companies. The auditors of the Company have made reports under Section 325 of the Act on the statutory accounts for the three financial periods then ended. The reports were unqualified and did not contain a statement under Section 237(2), (3) or (4) of the Act.

### **Auditors**

The auditors of the Company since 19 April 1999 have been Arthur Andersen, Chartered Accountants and Registered Auditors, 17 Landsdowne Road, Croydon, CR9 2PL. Binder Hamlyn, who are part of Andersen Worldwide, of 20 Old Bailey, London, EC4M 7BH had been the auditors of the Company from 14 August 1989 until 19 April 1999.

### **General**

The New Ordinary Shares and the Offer Shares have a nominal value of 0.1p each and there will be a premium of 0.525p per Offer Share on the issue.

The Open Offer has been underwritten by Ellis & Partners Limited whose registered office is at Talisman House, 16 The Courtyard, East Park, Crawley RH10 6AS. Ellis & Partners Limited is registered in England and Wales under company number 2474423. Ellis & Partners Limited is regulated by the Securities and Futures Authority Limited.

The Registrars of the Company and Receiving Agents to the Open Offer are Harford Registrars, Harford House, 101/103 Great Portland Street, London W1N 6BH.

### **13. Working Capital**

The Directors are of the opinion that, following implementation of the Open Offer, the Group will have sufficient working capital for its present requirements, that is the next 12 months from the date of this document.

### **14. Litigation**

Neither the Company nor any of its subsidiaries are or have been involved in any legal or arbitration proceedings which may have or have had during the previous 12 months a significant effect on the financial position of the Group. So far as the Directors are aware, there are no such proceedings pending or threatened by or against the Company or its subsidiaries.

### **15. Indebtedness**

At the close of business on 30 June 1999, the Group had total indebtedness of £1,162,144 which comprised secured loans and overdrafts of £1,100,129, outstanding unsecured loans of £19,998, obligations under finance leases and hire purchase agreements of £42,017. In addition there was a liability in respect of the potential re-purchase of the Club's training ground of £300,000, which is subject to an option arrangement. Save as aforesaid, and apart from intra-company indebtedness and guarantees, the Group did not have at that date any loan capital outstanding or loan capital created but unissued or any outstanding term loans, mortgages, charges, borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or obligations under finance leases or guarantees or other contingent liabilities.

### **16. Documents Available for Inspection**

Copies of the following documents may be inspected at the offices of Richards Butler, Beaufort House, 15 St Botolph Street, London, EC3A 7EE, during usual business hours on any week day (excluding Saturdays and public holidays) up to and including 23 August 1999 and will be on display at the Extraordinary General Meeting:

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the audited consolidated accounts of the Company and its subsidiary undertakings for the year ended 30 November 1998 and the 18 month period ended 30 November 1997;
- (iii) the announcement containing the Group's unaudited interim results for the six months ended 30 May 1999;
- (iv) the written consent referred to in paragraph 12 above;
- (v) the material contract referred to in paragraph 11 above;
- (vi) the service and other agreements referred to in paragraphs 6.2 and 7 above; and
- (vii) the rules of the Share Option Scheme referred to in paragraph 9 above.

28 July 1999

# MILLWALL HOLDINGS PLC

(Registered number 235508)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Millwall Holdings Plc will be held at The Den, Zampa Road, London SE16 3LN at 11.00 a.m. on Tuesday 24 August 1999 for the purpose of considering, and, if thought fit, passing the following Resolutions which will be proposed as Special Resolutions.

### SPECIAL RESOLUTIONS

#### Resolution 1

That:

- (A) subject to and conditional upon the Underwriting Agreement (as defined in the Prospectus dated 28 July 1999 of which this notice of meeting forms part) ('the Prospectus') becoming unconditional (save only as regards the passing of this Resolution, the New Ordinary Shares and the Offer Shares (both terms as defined in the Prospectus) being admitted to the Official List of the London Stock Exchange and such admission becoming effective in accordance with the listing rules of the London Stock Exchange) and not being terminated in accordance with its terms on or before 30 September 1999;
- (i) each Ordinary Share of 1p in the capital of the Company in issue at the date of the passing of this Resolution be sub-divided into one New Ordinary Share of 0.1p each and nine Deferred Shares of 0.1p each with each class of shares having the rights and being subject to the restrictions set out in the Articles of Association as amended pursuant to paragraph (B) of this Resolution;
- (ii) the 481,111,824 authorised but unissued Ordinary Shares of 1p each in the capital of the Company be sub-divided into 4,811,118,240 New Ordinary Shares of 0.1p each;
- (iii) the authorised share capital of the Company be increased from £16,910,559.12 to £21,910,559.12 by the creation of 5,000,000,000 New Ordinary Shares of 0.1p each ranking *pari passu* with the New Ordinary Shares in the capital of the Company in issue following the sub-division effected pursuant to paragraphs 1A(i) and (ii) of this Resolution;
- (iv) the Directors be generally and unconditionally authorised pursuant to Section 80 of the Companies Act ('the Act') to exercise all the powers of the Company to allot relevant securities (as defined in Section 80) up to an aggregate nominal amount of £532,375 provided that this authority shall expire 15 months after the passing of this Resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2000, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired and that this authority shall be in substitution for and to the exclusion of all previous authorities conferred upon the directors pursuant to Section 80 of the Act to the extent unused but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities and this authority shall further be in substitution for the authority (if any) conferred or to be conferred upon the Directors pursuant to Section 80 of the Act at the Annual General Meeting of the Company convened for 18 August 1999 (the 'Annual General Meeting') and any adjournment thereof;

- (v) the Directors be empowered, pursuant to Section 95 of the Act to allot relevant equity securities (as defined in Section 94 of the Act) for cash as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
  - (a) the issue of the Offer Shares pursuant to the Open Offer (as defined in the Prospectus);
  - (b) the grant of options to selected employees and directors pursuant to the Millwall Holdings PLC Share Option Scheme and the issue of New Ordinary Shares to satisfy the exercise of such options;
  - (c) the allotment of equity securities in connection with a rights issue or other pro-rata offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all holders of equity securities are proportionate (as nearly as may be) to the respective number of equity securities held by them subject in each case to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of any regulatory body; and
  - (d) the allotment (otherwise than pursuant to sub-paragraphs (a) to (c) above) of equity securities up to an aggregate nominal amount of £161,326.

and shall expire 15 months after the passing of this Resolution or if earlier the conclusion of the Annual General Meeting of the Company to be held in 2000 except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired and provided that this power shall be in substitution for and to the exclusion of any existing like power in force at the date hereof and this power shall further be in substitution for and to the exclusion of any power granted pursuant to Section 95 of the Act at the Annual General Meeting or any adjournment thereof.

- (B) the Articles of Association of the Company be amended by the deletion of the existing Article 3 and by the substitution in its place of the following new Article 3-

“3. The authorised share capital of the Company at the date of the adoption of this Article 3 is £21,910,559.12 divided into 11,021,062,328 Ordinary Shares of 0.1p each (‘Ordinary Shares’) and 10,889,496,792 Deferred Shares of 0.1p each (‘Deferred Shares’). Each Deferred Share has the rights and is subject to the restrictions hereinafter mentioned.

- 3.1 The holders of the Deferred Shares shall not, by virtue of or in respect of their holdings of Deferred Shares, have the right to receive notice of any general meeting of the Company nor the right to attend speak or vote at any such general meeting.
- 3.2 The Deferred Shares shall not entitle their holders to receive any dividend or other distribution.
- 3.3 The Deferred Shares shall on a return of assets on a winding up entitle the holder only to the repayment of the amounts paid up on such shares after payment of the capital paid up on the Ordinary Shares plus the payment of £10,000,000 per Ordinary Share.
- 3.4 The Company shall have irrevocable authority at any time after the passing of the Resolution adopting this Article 3 to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the



same, without making any payment to the holders thereof, to such person as the Company may determine as custodian thereof and/or to cancel the same, without making any payment to the holders thereof and/or acquire the same (in accordance with the provisions of the Act) without making any payment to or obtaining the sanction of the holders thereof and pending such transfer and/or cancellation and/or purchase to retain the certificate of such shares.”

## **Resolution 2**

That conditionally upon Resolution 1 above being passed and becoming effective:

- (a) the capital of the Company be reduced by cancelling all of the Deferred Shares of 0.1p each whether issued or unissued;
- (b) the balance standing to the credit of the Company’s share premium account following the issue of the Offer Shares as defined by Resolution 1 above be cancelled; and
- (c) contingently upon the cancellation of the Deferred Shares and the share premium account of the Company referred to in paragraphs (a) and (b) of this Resolution becoming effective Article 3 of the Company’s Articles of Association shall be amended by substituting Article 3 with the following –

“3. The authorised share capital of the Company at the date of the adoption of this Article 3 is £11,021,062.33 divided into 11,021,062,328 Ordinary Shares of 0.1p each”

## **Resolution 3**

That the Articles of Association of the Company be amended by:

- (i) the insertion in the first paragraph of Article 33 of the following words “(provided that the refusal does not prevent dealings in the shares from taking place on an open and proper basis)” so that the Article 33 reads after the amendment:

“33. Subject to Article 42, the Board may, in its absolute discretion and without assigning any reason, refuse to register a transfer of any share (provided that the refusal does not prevent dealings in the shares from taking place on an open and proper basis) or renunciation of a renounceable letter of allotment unless all of the following conditions are satisfied;

33.1 it is in respect of a share which is fully paid up;

33.2 it is in respect of only one of shares;

33.3 it is in favour of a single transferee or renouncee or not more than four joint transferees or renouncees;

33.4 it is duly stamped (if required);

33.5 it is not in favour of a minor, infant, bankrupt or Person with mental disorder; and

33.6 it is delivered for registration to the Office or such other place as the Board may decide accompanied by the certificate for the shares to be transferred (save in the case of a transfer by a recognised person to whom no certificate was issued or in the case of a renunciation) and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.”

- (ii) the deletion of the existing Article 102.5 and the renumbering of existing Articles 102.6 and 102.7 as 102.5 and 102.6.

By Order of the Board

R E TOWNER

*Secretary*

Registered Office:  
The Den  
Zampa Road  
London SE16 3LN

Date: 28 July 1999 ✓

Notes:

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and to vote instead of him/her. A proxy need not be a member of the Company.

A form of proxy is provided with this notice and instructions for use are shown on the form. To be valid, completed forms must be completed in accordance with the instructions set out in the form and returned so as to be received at the office of the Company's registrars not less than 48 hours before the time fixed for the meeting. Deposit of the form of proxy will not prevent a member from attending the meeting and voting in person.