

**THIS ANNOUNCEMENT RELATES TO THE DISCLOSURE OF INFORMATION THAT QUALIFIED OR MAY HAVE QUALIFIED AS INSIDE INFORMATION WITHIN THE MEANING OF ARTICLE 7(1) OF THE MARKET ABUSE REGULATION (EU) 596/2014.**

**September 3, 2019**

## **DEBENHAMS**

### **Consent Solicitation Announcement**

Debenhams Retail Limited (“**DRL**”) hereby announces an invitation to holders of the outstanding £225,000,000 5.25% Senior Notes due 2021, of which £200,000,000 remains outstanding (ISIN: XS1081972850; Common Code: 108197285) (the “**Notes**”) issued by Debenhams plc (in administration) (the “**Company**”) to consider and, if thought fit, approve the Proposed Amendments as further described in a consent solicitation statement dated September 3, 2019 (the “**Consent Solicitation Statement**”, and the invitation to holders of Notes set out therein, the “**Consent Solicitation**”).

Capitalized terms used in this notice and not otherwise defined shall have the meanings given to them in the Consent Solicitation Statement.

### **Background to the Consent Solicitation**

On March 29, 2019, the Company announced that it had put in place new facilities with its existing lenders of up to £200,000,000 (the “**New Money Facility**”). The availability of the New Money Facility was linked to certain covenants and milestones, which were ultimately not met. As a result, on April 9, 2019, the Company entered administration, and Chad Griffin, Simon Kirkhope and Andrew Johnson of FTI Consulting LLP were appointed as Joint Administrators (the “**Joint Administrators**”). The appointment was made by secured lenders under the provisions of Paragraph 14 of Schedule B1 to the Insolvency Act 1986. The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company only and without personal liability.

Immediately following their appointment, the Joint Administrators sold the Company's shares in Debenhams Group Holdings Limited as well as certain dormant entities, together constituting the Company's interest in the Debenhams group companies, to Celine UK Newco 1 Limited (“**Newco**”), an entity owned by certain of the Company's secured lenders (the “**Sale**”) following which Newco acceded to the Trust Deed (as defined below) as an additional Subsidiary Guarantor. Unless the context requires otherwise, references to the “**Group**” are to the Company and its subsidiaries in respect of matters and events prior to the Sale and Newco and its subsidiaries in respect of matters and events following the Sale.

Debenhams Retail Limited (“**DRL**”) is soliciting certain consents (the “**Consents**”) from Holders of the Notes constituted by a trust deed dated July 2, 2014 between the Company, the Subsidiary Guarantors named therein and Citicorp Trustee Company Limited (the “**Original Trustee**”), as amended, supplemented, waived or otherwise modified from time to time prior to this Consent Solicitation (the “**Trust Deed**”). On October 22, 2018, Debenhams Retail (Ireland) Limited acceded as a Subsidiary Guarantor of the Notes. On March 28, 2019, Lucid Trustee Services Limited (the “**Trustee**”) replaced the Original Trustee as trustee in respect of the Notes and the Company and Aktieselskabet Th. Wessel & Vett, Magasin du Nord acceded as Subsidiary Guarantors of the Notes. On April 9, 2019, Newco acceded as a Subsidiary Guarantor of the Notes.

In order to manage its cash flow proactively and maximize the liquidity headroom available to the Group in the short to medium term, the Group now wishes to amend the Trust Deed to permit the Group to draw up to £50 million of further secured indebtedness and to allow some of its indebtedness to incur interest that capitalizes. The intercreditor agreement entered into between, among others, the Company, the Trustee, the Security Agent and various creditors of the Company named therein on 29 March 2019 (as amended and restated from time to time) (the “**Intercreditor Agreement**”) already permits the drawing of a further £50 million of indebtedness. DRL is therefore seeking Consents to amend the financial indebtedness covenant and negative pledge in the terms and conditions of the Notes to allow the drawing of a further £50 million of indebtedness and to allow some interest to be capitalized. If drawn, the further £50 million of secured indebtedness will rank *pari passu* with the New Money Facility Agreement and therefore senior, in terms of payment priority, to the Notes.

The Intercreditor Agreement permits the incurrence of secured hedging liabilities of up to an aggregate amount of liabilities of £50 million (the “**Secured Hedging Liabilities**”). Secured Hedging Liabilities are currently ranked senior to the Notes, *pari passu* with liabilities owed to certain agents and liabilities owed to the New Money Facility Agreement lenders. The Group is currently exposed to foreign currency exchange rate volatility and has been advised that in order to obtain cost competitive hedging to mitigate its exposure to foreign currency exchange rate volatility, some or all of the hedging providers may require that all or a proportion of the Secured Hedging Liabilities be paid on a super senior basis, meaning on a basis that is prior to and senior to the liabilities owed to the New Money Facility Agreement lenders, agents and arranger and to the liabilities owed to certain agents including the Security Agent and the Trustee. The elevation of some or all of the Secured Hedging Liabilities from senior ranking to super senior ranking will not affect the relative ranking of the Notes nor the aggregate amount of financial indebtedness that is currently ranked ahead of the Notes pursuant to the terms of the Intercreditor Agreement. To elevate the Secured Hedging Liabilities from senior to super senior in the Intercreditor Agreement, DRL is seeking consent from Holders to amend the Intercreditor Agreement by way of a second supplemental intercreditor agreement (the “**Second Supplemental Intercreditor Agreement**”).

A full background to the Consent Solicitation is set out in the Consent Solicitation Statement under the heading “*Background and purposes of the Consent Solicitation*”.

### **Key Terms and Conditions of the Consent Solicitation**

#### ***The Proposed Amendments***

DRL is soliciting Consents to make the following amendments to the Trust Deed and the Intercreditor Agreement, as indicated below:

- (i) to replace the definition in Schedule 2 (*Terms and Conditions of the Notes*) of the Trust Deed of “New Money Facility Agreement” in its entirety with the following new definition:

““New Money Facility Agreement” means the term loan facility agreement between, among others, certain members of the Group, including Debenhams Retail Limited, and Global Loan Agency Services Limited, as facility agent, entered into on 29 March 2019, as amended and restated from time to time.”;
- (ii) to amend Condition 5.3 (*Financial Indebtedness*) in Schedule 2 (*Terms and Conditions of the Notes*) of the Trust Deed to allow for the drawing of £50 million of additional indebtedness;
- (iii) to amend Condition 5.1(c)(i) (*Negative Pledge*) in Schedule 2 (*Terms and Conditions of the Notes*) of the Trust Deed so that Security Interests created in respect of the additional £50 million of indebtedness are permitted;
- (iv) to make the amendments required, necessary or expedient to the Intercreditor Agreement to permit any amounts of interest under the New Money Facility Agreement and any Additional Permitted Amount to be capitalized and rank *pari passu* with any existing principal amounts in respect of the New Money Facility Agreement and any Additional Permitted Amount; and
- (v) to make the amendments required, necessary or expedient to the Intercreditor Agreement to facilitate the elevation of some or all of the Secured Hedging Liabilities (as defined therein) to super senior, ranking ahead of the Agent Liabilities and First Lien Liabilities (each as defined in the Intercreditor Agreement), provided that the relative ranking of the Notes will not change. The proposed amendment affects the ranking between themselves of parties which already rank senior to the Notes,

(together, the “**Proposed Amendments**”).

Further detail around the Proposed Amendments is contained in the Consent Solicitation Statement under the headings “*Background and purpose of the Consent Solicitation*” and “*The Proposed Amendments*”.

### **General**

Prior to launching the Consent Solicitation, the Group has had discussions with Holders representing in excess of 50 per cent. of the aggregate principal amount of outstanding Notes regarding the Proposed Amendments set forth in the Consent Solicitation Statement. Based on such discussions, the Group believes that such Holders intend to vote in favor of the Proposed Amendments prior to the Expiration Time.

DRL expressly reserves the right, in its sole and absolute discretion, at any time to (i) terminate the Consent Solicitation, (ii) waive any of the conditions to the Consent Solicitation, other than the conditions with respect to receipt of the Requisite Consents, (iii) amend or extend the Expiration Time or (iv) amend the terms of the Consent Solicitation in any manner. Details of any such waiver, amendment or termination will be announced as provided in the Consent Solicitation Statement as promptly as practicable after the relevant decision is made.

*Set out below is an indicative timetable showing one possible outcome for the timing of the Consent Solicitation, which will depend, among other things, on timely receipt (and non-revocation) of instructions from the Holders, the rights of DRL (where applicable) to amend and/or terminate the Consent Solicitation as described in the Consent Solicitation Statement. Accordingly, the actual timetable may differ significantly from the timetable below.*

Event Name	Timing	Description
<b>Launch</b>	September 3, 2019	Commencement of the Consent Solicitation. DRL makes the corresponding announcement.
<b>Expiration Time</b>	5:00 P.M., London Time, on September 6, 2019, unless extended or amended, or unless the Consent Solicitation is earlier terminated by DRL, in each case, in its sole and absolute discretion.	The time prior to which Holders must validly deliver Consents to the Proposed Amendments.
<b>Requisite Consent Time</b>	The time at which the Requisite Consents have been received (the “ <b>Requisite Consent Time</b> ”).	<p>Following the Requisite Consent Time and subject to the conditions set out herein, the Fifth Supplemental Trust Deed and the Second Supplemental Intercreditor Agreement will be executed and as such the Proposed Amendments will become effective.</p> <p>Consents may be validly revoked by Holders prior to but not after the Requisite Consent Time.</p> <p>Holders should note that the Requisite Consent Time may fall prior to the Expiration Time, and, if so, Holders may not be given prior notice of such Requisite Consent Time.</p>
<b>Requisite Consent Time Announcement</b>	As soon as practicable after the Requisite Consent Time.	DRL announces whether or not the Requisite Consents have been received, the Fifth Supplemental Trust Deed has been executed, the Second Supplemental Intercreditor Agreement has been entered into and the Proposed Amendments has become effective.
<b>Announcement of Consent Solicitation Results</b>	As soon as practicable after the Expiration Time (but only if the Requisite Consent Time has not occurred on or prior to the date of the Expiration Time).	If the Requisite Consent Time has not occurred on or prior to the date of the Expiration Time, the results of the Consent Solicitation are announced by DRL.

Holders are advised to check with any bank, securities broker or other intermediary through which they

hold their Notes when such intermediary would need to receive instructions from a Holder in order for such Holder to participate in, or to validly revoke their instruction to participate in, the Consent Solicitation by the deadlines specified above. **The deadlines set by any such intermediary and each Clearing System for the submission and (where permitted) revocation of Electronic Consent Instructions will be earlier than the relevant deadlines above.**

### **Further Information**

A complete description of the terms and conditions of the Consent Solicitation is set out in the Consent Solicitation Statement. A copy of the Consent Solicitation Statement is available to Holders upon request from the Information and Tabulation Agent.

**Before making a decision with respect to the Consent Solicitation, Holders should carefully consider all of the information in the Consent Solicitation Statement.**

Further details about the transaction can be obtained from:

*The Information and Tabulation Agent*

#### **Lucid Issuer Services Limited**

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None of the Information and Tabulation Agent, the Trustee or the Security Agent take responsibility for the contents of this announcement and none of DRL, the Company, the Subsidiary Guarantors, the Information and Tabulation Agent, the Trustee or the Security Agent or any of their respective directors, employees or affiliates makes any representation or recommendation whatsoever regarding the Consent Solicitation. This announcement must be read in conjunction with the Consent Solicitation Statement. No offer to acquire any Notes is being made pursuant to this notice. This announcement and the Consent Solicitation Statement contain important information, which should be read carefully before any decision is made with respect to the Consent Solicitation. If any holder of the Notes is in any doubt as to the action it should take, it is recommended to seek its own advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent adviser.

This announcement is released by DRL and contains information in relation to the Notes that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (“**MAR**”), encompassing information relating to the Consent Solicitation and/or the Proposed Amendments described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Alice Darwall (Company Secretary and General Counsel).

### **Forward-Looking Statements**

DRL cautions you that statements included in this announcement that are not a description of historical facts are forward-looking statements that involve risks, uncertainties, assumptions and other factors which, if they do not materialize or prove correct, could cause results to differ materially from those expressed or implied by such forward-looking statements. There can be no assurance that the transactions contemplated in this announcement will be completed. DRL assumes no obligation to update any forward-looking statement included in this announcement to reflect events or circumstances arising after the date on which it was made.

### **Distribution Restrictions**

*This announcement does not constitute or contemplate an invitation to participate in the Consent Solicitation in any jurisdiction in which, or to any person to whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws.*

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required by each of DRL, the Company, the Subsidiary Guarantors, the Trustee, the Security Agent and the Information and Tabulation Agent to inform themselves about, and to observe, any such restrictions.

Nothing in this announcement constitutes or contemplates an invitation to participate in the Consent Solicitation by a Holder in any circumstances in which such participation is unlawful.