

24 May 2021

Intu Debenture PLC

Quarterly Report and Amendment and Restructuring Transaction Update

RNS Number: 6320Z

INTU DEBENTURE PLC

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INTU DEBENTURE PLC (THE "**COMPANY**") ANNOUNCES QUARTERLY REPORT AND UPDATE ON AMENDMENT AND RESTRUCTURING TRANSACTION

24 May 2021

### **Quarterly Report**

The Company has prepared a quarterly report for the period 1 January 2021 up to and including 31 March 2021 which contains an operational and liquidity update and is available on the Company's website at <https://debentureplc.com/> (the "**Quarterly Report**"). The Quarterly Report notes that, although the Eldon Square Shopping Centre, the Potteries Shopping Centre and Xsite had only 19%, 4% and 2% respectively of floorspace open throughout Q1 2021, 42% of rent and 48% of service charges were collected in the same period, representing an improvement against forecast levels. The Quarterly Report also details key tenants (including, for example, Next Holdings Limited, Boots UK Limited and Odeon Cinemas Limited), a footfall comparison, a Q1 2021 cashflow statement and Q2 2021 cashflow forecast, amongst other updates.

### **Liquidity Update**

In the Company's Stockholder Update of 22 January 2021 (available on the Company's website at <https://debentureplc.com/>) the Company noted that it expected that the cash balances of the Company and its subsidiaries (the "**Debenture Group**") would reduce significantly to virtually nil by the end of March 2021 as a result of the unwind of a number of material creditors (including energy and insurance providers) that were deferred post-transition and the costs of the proposed amendment and restructuring transaction. As noted in the Quarterly Report, by virtue of a combination of improved rent, service charge and arrears collection, cost savings (including temporary deferral of some capital and operational expenditure), the delay to the restructuring transaction, and other cash preservation initiatives, at the end of March 2021 the Debenture Group's aggregate cash balances were £12.7 million.

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## **Amendment and Restructuring Transaction Update**

As indicated in the Company's Stockholder Update of 22 January 2021, the Company was expecting to release an Extraordinary Resolution to approve the proposed amendment and restructuring transaction as detailed in the debt and equity term sheets annexed to that Stockholder Update. As Stockholders may recall, that restructuring transaction included an agreement (subject to Stockholder consent) with the administrators (the "**Administrators**") of Intu Properties Plc (in administration, "**Intu Properties**"), Liberty International Holdings Limited (in administration, "**LIHL**") and Liberty International Treasury Group Limited (in administration, "**LIGTL**") to purchase the shareholding of Intu Properties and LIHL in the Company and settle the £247.8 million outstanding intercompany balance owed to LIGTL. For commercial reasons, the Administrators requested that the consideration for the transaction remained confidential. However, it was noted that the amount was not material in the context of the overall restructuring of Debenture Group or its liquidity position.

Whilst the intention was to effect the Extraordinary Resolution in relation to the restructuring transaction during February 2021, unfortunately the timing of that resolution has been impacted as indicated in the Company's announcement of 19 March 2021 (available on the Company's website at <https://debentureplc.com/rns/>). The delay has resulted from the Debenture Group being notified by the Administrators of a number of potential additional intercompany liabilities (the "**Potential Liabilities**"). The Administrators have stated that the Potential Liabilities have been identified as a result of due diligence undertaken by the Administrators on the books and records of the wider intu group in relation to Intu Properties and other subsidiaries including Intu Retail Services Limited (in administration) and LIGTL. The total claim by the Administrators in respect of these Potential Liabilities is £4.3 million.

Since the Company's announcement of 19 March 2021, the Company has been engaged in an ongoing dialogue with the Administrators with respect to the Potential Liabilities. The Debenture Group disputes the Potential Liabilities and is continuing to evaluate both the quantum and origin of the alleged additional intercompany liabilities and it is still to be determined what impact these liabilities may have on the structure of the proposed amendment and restructuring transaction. The Debenture Group is committed to completing the evaluation as soon as possible, however that task is subject to information flow and engagement from the Administrators and therefore the timing is uncertain for completion of that work.

## **Non-payment of upcoming Scheduled Interest Amount and Scheduled Redemption Amount in relation to the £354,876,000 5.562 per cent. First Mortgage Debenture Stock due 2027 (the "Stock") issued by the Company**

The evaluation of, and investigations in relation to, the Potential Liabilities has resulted in a delay to the progress of the amendment and restructuring transaction and as a result the Company has been unable to implement the proposed changes to its current debt service obligations as set out in the Company's Stockholder Update of 22 January 2021. As noted above and as detailed further in the Quarterly Report, the Debenture Group had £12.7 million in available cash as at the end of March 2021 as a result of a combination of improved rent, service charge and arrears collection, cost savings (including temporary deferral of some capital and

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operational expenditure), the delay to the restructuring transaction, and other cash preservation initiatives. That capital expenditure and significant operational expenditure which have been delayed nevertheless must be incurred in order to continue to operate the business and therefore the limited funds currently held by the Debenture Group are considered to be unavailable to make payment of the Scheduled Interest Amount and the Scheduled Redemption Amount on 30 June 2021.

Accordingly, NOTICE IS HEREBY GIVEN that whilst the Company is due, pursuant to clause 5 of the Trust Deed and the conditions of the Stock, to make payment of the Scheduled Interest Amount and the Scheduled Redemption Amount on 30 June 2021, as noted above, the Company does not anticipate that it will be able to make payment of either the Scheduled Interest Amount or the Scheduled Redemption Amount on 30 June 2021, or within the 14-day grace period for non-payment set out in Condition 16(i) of the Stock.

The Company will continue to keep holders of the Stock notified of any relevant developments in accordance with applicable law and regulation.

Capitalised terms used in this Notice and not otherwise defined shall have the meanings given to them in the Supplemental Trust Deed and the trust deed dated 5 October 2006 (as amended and supplemented from time to time, the "**Trust Deed**") constituting the Stock and made between the Company, the Charging Subsidiaries (as defined in the Trust Deed), and The Law Debenture Trust Corporation p.l.c., unless the context otherwise requires.

Stockholders should contact the following for further information:

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**Registrar**

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Alvarez & Marsal Europe LLP and Milbank LLP have been retained as financial and legal advisers to an ad hoc group of Stockholders. Their contact details are as follows: [ProjectIrisAMTeam@alvarezandmarsal.com](mailto:ProjectIrisAMTeam@alvarezandmarsal.com) and [Iris@milbank.com](mailto:Iris@milbank.com).

This announcement is made by Intu Debenture PLC

Dated: 24 May 2021

This announcement is released by Intu Debenture PLC and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal Act) 2018 ("**UK MAR**"), encompassing certain information relating to the valuation of the Properties described above. For the purposes of UK MAR, this announcement is made by David Duggins (Director) at Intu Debenture PLC.