

Intu Debenture PLC

Business Plan, Q4 Update and Defaults

RNS Number: 45491

INTU DEBENTURE PLC

LEI: 213800UX3TM5RGB1UF29

£354,876,000 5.562 per cent. First Mortgage Debenture Stock 2027

INTU DEBENTURE PLC (THE "**COMPANY**") ANNOUNCES PUBLICATION OF UPDATED BUSINESS PLAN, Q4 UPDATE AND CERTAIN DEFAULTS

14 April 2022

Business Plan and Q4 Update

The Company announces the publication of a report reflecting (1) an operation and market update in respect of trading numbers in the financial quarter ending on 31 December 2021 (the "**Q4 Update**") and (2) a revised business plan (the "**FY22 – FY24 Business Plan**"), which reflects an update to the business plan originally presented to the Stockholders in December 2020 (the "**Original Business Plan**"), each of which is available on the Company's website at <https://debentureplc.com/quarterlyreports/>.

The Q4 Update and the FY22 – FY24 Business Plan, prepared by the Company and the Company's asset and finance managers, APAM Limited ("**APAM**"), include, as relevant and amongst other things, actual trading results to 31 December 2021, financial forecasts for FY22 – FY24, a revised outlook for rental income and net operating income, an overview of the plan to prioritise and utilise excess cash flow within the structure to enhance underlying value and background relating to the updated property values referred to in the Company's announcement of 18 March 2022 (the "**Valuation RNS**"), available on the Company's website at <https://debentureplc.com/rns/>.

The FY22 – FY24 Business Plan reflects an extensive review process in order to update the Original Business Plan and reflects input from an ad hoc group of Stockholders who agreed to become restricted in order to review a draft of the FY22 – FY24 Business Plan and attend a presentation of the plan by the Company and APAM. The Q4 Update similarly provides an update with respect to key information in respect of business operations and market conditions as against the last quarterly update made by the Company in November 2021.

The Company notes that although the FY22 – FY24 Business Plan and the Q4 Update reflect actual numbers, where available, all projections, including for the period as set out in the FY22 – FY24 Business Plan and any period set out in the Q4 Update should continue to be taken as directional only.

As per the Valuation RNS, the Company anticipates that as the FY22 – FY24 Business Plan has been finalised, that the Notice of Meeting at which Stockholders will be asked to consider and, if thought fit, approve an Extraordinary Resolution regarding both the proposed amendment and restructuring transaction (the “**Proposed Restructuring**”) will be issued in the coming weeks, and in any event, before the end of Q2 2022. The Company can confirm that holders of a significant majority of the outstanding principal amount of the Stock have indicated that they are supportive of the Proposed Restructuring and that the Company is not aware of any material issue or concern that will further delay the Notice of Meeting at which Stockholders will be asked to approve, by way of Extraordinary Resolution, the Proposed Restructuring, save for administrative technicalities in updating and finalising all necessary documentation.

The Company will schedule a one-hour call with Stockholders on which directors of the Company and individuals from APAM will present a brief overview of, amongst other things, the Q4 Update and the FY22 – FY24 Business Plan. An RNS will be published on the Company website announcing the time and date for this update call and the process by which interested Stockholders can provide confirmation of their proposed attendance.

Events of Default

As anticipated in the Company’s announcement dated 28 January 2022 (available on the Company’s website at <https://debentureplc.com/rns/>) (the “**Accounts RNS**”), the Company has failed to file the annual accounts for the year ending 31 December 2020 (the “**2020 Annual Accounts**”). The Trustee delivered a notice to the Company on 28 January 2022 confirming that an Event of Default will, unless remedied, arise on 11 February 2022 in connection with the 2020 Annual Accounts not being filed on or prior to the filing deadline. The 2020 Annual Accounts were not filed as of this deadline and as per the Trust Deed, an Event of Default therefore arose on 11 February 2022 in connection with the 2020 Annual Accounts.

The Company is continuing to work alongside BDO LLP (the “**Auditor**”), its auditor to finalise the 2020 Annual Accounts and although significant progress has been made, the Company confirms that the delay in filing remains as per the reasons set out in the Accounts RNS. In particular, services that were previously provided to the Company by Intu Properties plc (in administration) and certain other members of the Intu Properties plc group, also in administration (together, the “**Administration Companies**”) have been migrated to other providers. From a practical perspective, this has resulted in significant difficulties as accounting records and information systems previously maintained by Administration Companies were no longer automatically available to the Company and its Auditor for much of 2021. Requests for records have had to be made, which have resulted in significant delays for the Auditor in completing its work. Finally, as employees of the Administration Companies who previously maintained these accounting and information records have departed, there have been further challenges for the Company and the Auditor in obtaining clarification, when requested, with respect to information as it has been provided.

As set out in the Valuation RNS, the Report (as defined therein) reflects the aggregate valuation of the Properties, as at 31 December 2021 being £143,150,000 (the “**2021 Valuation**”). Clause 10.3 of the Trust Deed, provides that the value of the Mortgaged Property must not be less than 1.5 times the value of the Final Redemption Amount. The Company believes that the 2021 Valuation, taking account unpaid interest and amortisation, is less than 1.5 times the value of the Final Redemption Amount. If such obligation is not remedied, as set out more fully in clause 10.3 of the Trust Deed, within three months of the date of delivery of the 2021 Valuation, being 18 March 2022, it shall become an Event of Default pursuant to clause 17.1.7 of the Trust Deed within 14 days of the Trustee requesting, in writing, that it cure the default. The Company believes that the Proposed Restructuring will be completed prior to any such Event of Default arising in connection with the 2021 Valuation. In any event, as part of the Proposed Restructuring, the Company will include in the Notice of Meeting at which Stockholders will be asked, by way of Extraordinary Resolution, to consider and, if thought fit, approve a waiver of any Event of Default that has arisen in connection

with Clause 10.3 of the Trust Deed and to approve the deletion of the relevant requirement from the Trust Deed.

The Company will continue to keep Stockholders 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 Trust Deed dated 5 October 2006 (as amended and supplemented from time to time) and the Supplemental Trust Deed dated 30 July 2020 (together, 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. (the "**Trustee**"), unless the context otherwise requires.

Please note that the Trustee has not been involved in the preparation or formulation of this announcement, the FY22 – FY24 Business Plan or the Q4 Update and expresses no views or opinions on this announcement, the FY22 – FY24 Business Plan or the Q4 Update. Stockholders are advised to take their own legal, financial and/or tax advice in relation to this announcement, the FY22 – FY24 Business Plan and the Q4 Update.

Stockholders should contact the following for further information:

Company

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Email: intu@simmons-simmons.com

Attention: Peter Manning and James Taylor

Registrar

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10th Floor
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29 Wellington Street
Leeds
LS1 4DL
United Kingdom

Telephone: +44 371 664 0300

(Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Open between 09:00 -17:30, Monday to Friday excluding public holidays in England and Wales)

Email: shareholderenquiries@linkgroup.co.uk

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 and Iris@milbank.com.

This announcement is made by Intu Debenture PLC

Dated: 14 April 2022