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DEBENHAMS PLC

Administrators appointed to Debenhams plc successfully sell the Group

*Underlying business has access to £200m funding;
Debenhams' operations continue to trade as normal*

Key points

- Administrators have been appointed to Debenhams plc (in administration) (the "plc") only.
- The underlying Group operating companies (the "Group") are unaffected and all businesses are continuing to trade as normal.
- The Group's commercial relationships with suppliers, employees, pension holders and customers are all with the operating companies. Therefore, none of these stakeholders are adversely impacted by the administration.
- The plc Administrators have immediately sold all of plc's ownership of the Group to a newly incorporated company controlled by the Group's secured lenders in a pre-packaged sale (the "Transaction").
- The Transaction delivers continuity for all Group operations and was in the best interests of the Group's creditors, employees, customers, pension holders and suppliers.
- Under its new ownership, the Group will have available to it significant additional funding in line with the £200m new money facilities announced on 29 March 2019.
- The Group will continue to implement the restructuring of its operations, including optimising the store portfolio (in line with plans already communicated) to improve trading performance and deleverage the business.
- Trading in the shares of the plc has been suspended since 8.00 am this morning and will be cancelled with effect from 8.00 am on 10 April 2019.

Appointment of Administrators

Debenhams plc announces the appointment of Chad Griffin, Simon Kirkhope and Andrew Johnson of FTI Consulting LLP as joint administrators (the "Administrators") and the completion of the sale of the Group, other than plc, to a newly incorporated company, controlled by its secured lenders.

Background to the Administration

The plc announced on 29 March 2019 that it has put in place New Money Facilities with its existing lenders. These provided the Group with £200m of additional funding, including £40m to refinance the bridge facility announced on 12 February 2019.

As announced on 29 March 2019, the availability of the New Money Facilities was linked to certain covenants and milestones, including the possible provision of equity or debt financing by Sports Direct International plc ("SDI"). While SDI has made a number of highly conditional proposals, each of which was fully considered by the plc board, none were deemed deliverable given conditionality, timing and other stakeholder obligations and considerations. As these milestones in the New Money Facilities were not met, the Administrators were appointed.

The Administrators concluded that the Transaction was in the best interests of the plc's creditors. Furthermore, it minimises business disruption and provides ongoing access to funding, ensuring continuity for the Group's operating businesses, lenders, suppliers, employees, pension holders and customers.

Next steps for the plc

The Transaction included provisions for a Group sale process to be launched immediately. The recovery, if any, to the plc's shareholders will depend upon the outcome of the sale process which must see full repayment of the Group's debt. At this stage we do not expect that there will be a distribution to the plc's shareholders.

The suspension of the plc's ordinary shares from listing on the premium segment of the Official List of the Financial Conduct Authority and from trading on the main market for listed securities maintained by the London Stock Exchange plc took effect at 8.00am on 9 April 2019, and the Administrators have requested the cancellation of such listing, which is expected to take place at 8.00 am on 10 April 2019. The plc level 1 sponsored American depositary receipt program will also be terminated following the cancellation of the listing.

Prior to the administration, on 21 March 2019, a meeting of the plc's shareholders had been requisitioned, under section 303 of the Companies Act 2006, for the purpose of voting on a resolution seeking the removal of all of the plc's directors except for Rachel Osborne, and the appointment of Michael Ashley as Chief Executive Officer. Following the appointment of the Administrators, this meeting will not be called.

Next steps for Debenhams Group

The Group has undertaken a thorough review of its store estate in the context of the current and future retail environment and plans to proceed with a restructuring of the estate that, if approved, will result in a significant overall reduction in the Group's rent burden and underpin a sustainable future for the Group. This is a critical component of the Group's restructuring plan, and executing this is in part linked to the provision of the £200m facilities and lenders implementing a £100m debt for equity swap.

Terry Duddy, Debenhams' Chairman, said:

"It is disappointing to reach a conclusion that will result in no value for our equity holders. However, this Transaction will allow Debenhams to continue trading as normal; access the funding we need; and proceed with executing our turnaround plans, whilst deleveraging the Group's balance sheet. We remain focused on protecting as many stores and jobs as possible, consistent with establishing a sustainable store portfolio in line with our previous guidance.

"In the meantime, our customers, colleagues, pension holders, suppliers and landlords can be reassured that Debenhams will now be able to move forward on a stable footing. I would like to thank them all for their recent and continuing support."

Enquiries:

Debenhams plc (in administration)	Debenhams Group
<p>Media - FTI Consulting</p> <p>Jonathon Brill Ed Bridges Tom Hufton Fern Duncan 020 3727 1000 debenhamsplc@fticonsulting.com</p>	<p>Katharine Wynne Director of Investor Relations 020 3549 6304</p> <p>Media - Brunswick Group</p> <p>Tim Danaher Craig Breheny Fiona Micallef-Eynaud 020 7404 5959 debenhams@brunswickgroup.com</p>

A copy of this announcement will be made available on Debenhams's website at <https://ir.debenhams.com/investor-overview>.

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