NEW LOOK

**15 September 2020**

# New Look creditors approve Company Voluntary Arrangement

New Look Retail Holdings Limited ("**New Look**" or the "**Company**", and together with its subsidiaries, the "**Group**") today announces that the Company Voluntary Arrangement ("CVA") proposal launched on 26 August 2020 has been approved by the requisite majority of the Company's unsecured creditors.

The Company is pleased to announce that approval for the CVA proposal means that the comprehensive financial recapitalisation transaction (the "**Transaction**") announced on 13 August 2020 to extend New Look's facilities, deliver a new money investment of £40m and significantly de-leverage the balance sheet can now be progressed towards completion.

The Transaction, which has already received the requisite support from its secured financial creditors, will provide New Look with the financial strength, funding and flexibility to execute on its strategy, and includes:

- A debt for equity swap on New Look's current debt, reducing senior debt from c. £550m to c.£100m, and significantly decreasing interest costs
- An extension of primary working capital facilities, which provide further financial support to the Group with no near-term maturities
- An injection of £40 million of new capital to support the business plan

**Nigel Oddy, Chief Executive Officer, said:**
"I would like to take this opportunity to thank our landlords and creditors for their support for our CVA, which, alongside the consequential financial restructuring that will now be progressed, will provide us with enhanced financial strength and flexibility, and a sustainable platform for future trading and investment.

"We still fundamentally believe the physical store has a significant part to play in the overall retail market and our omnichannel strategy. We look forward to working closely with our landlords and all creditors to ensure we can navigate the uncertain times ahead together.

"Over the course of the last three years we have successfully implemented our turnaround plan: returning to the proven broader appeal product and value led pricing that we are known for, fundamentally realigning our supply chain to be faster and more flexible; making our omnichannel model more cohesive than ever; driving operational efficiencies; and bringing in new talent across the business.

"The impact of COVID-19 has reinforced this relentless focus on our customer-orientated strategy. As one of the UK's leading womenswear retailers, New Look is a brand that has inspired tremendous loyalty over the past 50 years and we are determined to enhance our position as the leading convenient broad appeal fashion destination loved by 25-45-year olds as we navigate the post-COVID-19 landscape."

**Daniel Butters, CVA supervisor at Deloitte said**: "The approval of the CVA is an important milestone in New Look's restructuring, enabling the business to move forward. The CVA will provide a stable platform for its management team's strategy and we wish them well for the future."

- Ends -

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**About New Look**

New Look is a leading multichannel retailer operating in the value segment of the clothing and footwear market in the UK and ROI. We focus on delivering value for money and 'newness', wherever, whenever and however customers choose to engage with us. The New Look brand has high levels of awareness and recognition in the affordable womenswear market, catering to a broad customer audience with our bullseye customers aged 18 to 45 years. We also have a range for teen girls and an online menswear offer. We are the number 2 UK Womenswear retailer for women aged 18 to 44 by value[1].

[1] *Based on Kantar Worldpanel published data 52 weeks ended 3 May 2020*

**Notes:**

**Overview of the CVA terms**

***Move to turnover rents ranging from 2% to 12%***
The CVA involves moving the majority of New Look's stores to a turnover rent basis that aligns future performance and reflects the wider retail market. Following advice from property agents and a thorough review of New Look's store estate, rent for 402 stores will be based on a turnover percentage of up to 12% (**"**Re-based Stores**"**) and the remaining 68 stores moving to nil rent.

***Enhanced landlord break clauses***
The CVA includes enhanced landlord breaks for all stores, providing landlords with the opportunity to exit the lease if they believe they can identify an alternative tenant on improved terms. This offers landlords maximum flexibility. In contrast, the Company will have no additional rights to exit the Re-based Stores until the end of the CVA (after 36 months), and even then only in the event that the store is underperforming.

***Unchanged service charges***
Following feedback from landlords since May 2020, the CVA has been structured to ensure there are no proposed changes to service charges for Re-based Stores and includes the full payment of service charge arrears across all categories of stores.

***Minimum rent***
Furthermore, following consultation with landlords, minimum rents for Re-based Stores in Year 2 will be equivalent to 85% of Year 1 rent paid, whilst minimum rents in Year 3 will be equivalent to 85% of Year 2 rent paid, providing greater certainty and forward visibility of minimum rental level.