

NEW LOOK

9 September 2020

New Look Announces Update on Strategic Review Process

Following the announcements made on 13 and 26 August, New Look Retail Holdings Limited (“**New Look**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) today provides an update to investors on the outcome of the Company’s review of strategic alternatives.

Strategic Review Process

Immediately following the 13 August announcement, the Group’s financial adviser initiated a process to solicit potential interest in the Group by way of a sale transaction or an alternative recapitalisation transaction, and the terms upon which they would consider such a transaction.

The deadline for first round bids was set for 8 September. While some parties expressed an interest in certain assets of New Look, no bids have been received for the share capital of New Look or an alternative recapitalisation transaction.

Recapitalisation Transaction

The Company has also previously announced a comprehensive financial recapitalisation transaction to permanently right-size the capital structure by way of a debt-for-equity swap, which will materially reduce the debt and interest burden at New Look and enable a £40m new cash investment to be made into the business.

The transaction will provide the financial strength, funding and flexibility to allow New Look to execute on its strategy and deliver its three-year business plan. Upon completion of the transaction New Look will have:

- Materially reduced its long-term debt at the operating companies from c.£550m to £100m of bank facilities with an extended tenor to 2024
- Access to an operating facility of £70m to provide supplier and other working capital financing with an extended tenor to 2023
- Removed the existing bonds of £440m in consideration for equity and a small shareholder loan which will have no cash debt service costs, leaving New Look’s cash interest burden substantially reduced by more than £30m per annum, and no bond debt at the operating entities including New Look Retailers Limited
- Obtained a new cash investment of £40m into New Look to invest in the business and assist in fulfilling its long term strategy

The Company has received overwhelming support for the transaction from its secured financial creditors. At this stage, New Look has already received the support of 100% of its revolving credit facility lenders and operating facility lenders and the support of more than 90% of its bondholders, who wrote off over £1bn of debt in 2019 and provided £150m of new money bonds at that time. Support from these stakeholders provides more than the requisite consent thresholds required to implement the transaction.

However and as previously referred, the transaction is contingent upon 75% of unsecured creditors of New Look Retailers Limited supporting the terms of the CVA proposal to rebase the Group's UK leasehold obligations. The CVA is due to be considered at a meeting of unsecured creditors on 15 September. If the vote is successful, the financial restructuring can be concluded. If unsecured creditors do not support the Company's CVA, the directors of the Company will have to consider less favourable alternatives than the current transaction for the Group's stakeholders including its creditors (including those unsecured creditors), customers and employees.

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Media Enquiries

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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 value¹.

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