

DEBENHAMS FILES NOTICE OF INTENT TO APPOINT ADMINISTRATOR

An administration will provide protection from creditors in the short term and ensure the business is able to trade its stores again after the lockdown period

London, 6th April 2020: Department store group Debenhams today has filed a Notice of Intent (“NOI”) to appoint an Administrator in the UK. This move will protect Debenhams from the threat of legal action that could have the effect of pushing the business into liquidation while its 142 UK stores remain closed in line with the government’s current advice regarding the Covid-19 pandemic.

The group is making preparations to resume trading its stores once government restrictions are lifted. The filing of an NOI in the UK is a first necessary step in that process. The group is preparing to enter a “light touch” administration that will see the existing management team remain in place under the direct control and supervision of the administrators.

The group has the support of its lenders and they plan to provide the funding for the administration. The group continues to fully engage with all employees and suppliers while operating within a protective arrangement. The majority of the employees in the UK are currently being paid under the government’s furlough scheme owing to all stores being temporarily closed. Payments to suppliers who continue to provide goods and services during the administration will remain unaffected and be paid to terms.

Debenhams continues to trade online across the UK, Ireland and Denmark, in line with government guidelines, while the lockdown continues. Customer orders, gift cards and returns are being accepted and processed normally.

Debenhams in the Republic of Ireland is affected by the same trading restrictions as the UK and employees have been furloughed under the Irish government scheme. The group’s ring-fenced Danish business, Magasin, is also affected by store closures but continues to trade online with the benefit of its modern and highly automated distribution facility.

The Group has appointed Geoff Rowley and Alastair Massey of FRP Advisory to advise in relation to the possible administration.

Stefaan Vansteenkiste, CEO of Debenhams, said:

“These are unprecedented circumstances and we have taken this step to protect our business, our employees, and other important stakeholders, so that we are in a position to resume trading from our stores when Government restrictions are lifted. We are working with a group of highly supportive owners and lenders and anticipate that additional funding will be made available to bridge us through the current crisis period. With their support and working with other key stakeholders, including landlords, pension trustees and business partners, we are striving to protect jobs and reopen as many Debenhams stores for trading as we can, as soon as this is possible.”

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