

EMEA DC Meeting Statement – 28 April 2023

(as updated on 4 May 2023 with a revision to paragraph 4.1(a))

regarding settlement of 2014 Transactions referencing Vue International Bidco plc following the determination of a Restructuring Credit Event

DC Issue: 2023020201

1. General

- 1.1 The EMEA Credit Derivatives Determinations Committee (the **DC**) met on 28 April 2023 to discuss settlement of 2014 Transactions referencing Vue International Bidco plc (**VIB**) following the determination of the occurrence of a Restructuring Credit Event and the determination that Vue Entertainment International Limited (**VEIL**) was the sole Successor to VIB (DC Issue number 2023022701).
- 1.2 Capitalised terms used but not defined herein have the meanings given to them in the 2018 ISDA Credit Derivatives Determinations Committees Rules (September 28, 2018 Version) (as amended on January 27 2020, March 30 2020 and 2 October 2020) (the **DC Rules**) or the 2014 ISDA Credit Derivatives Definitions (the **2014 Definitions**).

2. Maturity buckets

- 2.1 The DC determined that the Restructuring Credit Event with respect to the Reference Entity occurred on 26 January 2023. This means that the buckets for Transactions triggered by the Buyer are as follows:
- (a) The first bucket is the 2.5-year bucket and will cover Transactions with a Scheduled Termination Date occurring on or prior to 20 September 2025 (**Bucket 1**).
 - (b) The second bucket is the 5-year bucket and will cover Transactions with a Scheduled Termination Date from and including 21 September 2025 to and including 20 March 2028 (**Bucket 2**).
 - (c) The third bucket is the 7.5-year bucket and will cover Transactions with a Scheduled Termination Date from and including 21 March 2028 to and including 20 September 2030 (**Bucket 3**).
 - (d) The fourth bucket is the 10-year bucket and cover Transactions with a Scheduled Termination Date from and including 21 September 2030 to and including 20 March 2033 (**Bucket 4**).¹
- 2.2 Seller-triggered Transactions are not subject to the relevant Modified Restructuring Maturity Limitation Dates (nor do they have to be Conditionally Transferable Obligations) and any Deliverable Obligations will not be limited to the relevant maturity bucket.
- 2.3 Following the restructuring, the DC is aware of the following obligations of VEIL:
- (a) the EUR648.62m reinstated term loan facility with a maturity date of 31 December 2027 (the **Reinstated Facility**); and

¹ If the Scheduled Termination Date of a Transaction falls after the cut-off for the 10-year bucket, then the Deliverable Obligations for the Transaction will be those with a maturity date on or prior to the Scheduled Termination Date of such Transaction.

- (b) the EUR94.83m super-senior facility with a maturity date of 30 June 2027 (the **Super Senior Facility**).²

2.4 The DC is not aware of any other indebtedness of VEIL.

2.5 Both the Reinstated Facility and the Super Senior Facility are required to satisfy the Deliverable Obligation Characteristics under the 2014 Definitions, and for the purposes of Buyer-triggered Transactions, must also be Conditionally Transferable Obligations and have a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

2.6 The DC has not determined whether the Reinstated Facility or the Super Senior Facility are Deliverable Obligations. If such obligations are Deliverable Obligations (and for Buyer-triggered Transactions are also Conditionally Transferable Obligations), then the DC noted that:

- (a) the Super Senior Facility would not be deliverable in respect of a Transaction falling in Bucket 1 as the maturity date is beyond the end of Bucket 1;
- (b) the Reinstated Facility would only be deliverable in respect of a Transaction falling in Bucket 1 if the Reinstated Facility is a "Restructured Bond or Loan" and inherited the final maturity date of either the £65m revolving credit facility maturing in July 2025 (the **RCF**) or the £150m term loan maturing in November 2024 (the **GBP Term Loan**) pursuant to Section 3.32(a) of the 2014 Definitions;³ and
- (c) the Reinstated Facility and the Super Senior Facility would be deliverable in respect of any Transaction triggered by the Buyer and falling in any of Bucket 2, Bucket 3 or Bucket 4 or the Seller triggered bucket.

2.7 The DC has not been provided with a public copy of the contractual documents for the Reinstated Facility or the Super Senior Facility (or any other obligations of the Reference Entity).

3. Reinstated Facility – Not Subordinated

3.1 For the purposes of Standard European Corporate Transactions, the Deliverable Obligation Category is Bond or Loan and the Deliverable Obligation Characteristics are Not Subordinated, Specified Currency, Assignable Loan, Consent Required Loan, Transferable, Maximum Maturity: 30 years and Not Bearer. No decision has been made as to whether any obligation is a Deliverable Obligation.

3.2 On the basis of public information,⁴ the DC notes that "Not Subordinated" may be relevant to the analysis. This characteristic is tested as of both the NOPS Effective Date and the delivery date by reference to the Reference Obligation (or, if none, (i) the Prior Reference Obligation; and (ii) unsubordinated Borrowed Money).

3.3 The ratings agencies announcements, the press release from the Vue group and the July 2022 Explanatory Statement indicate that the Super Senior Facility ranks in priority to the Reinstated Facility and this may give rise to Subordination under Section 3.13(b)(i)(B) of the 2014 Definitions. If so, the question is whether or not the Reinstated Facility is Subordinated to the Reference Obligation.

² Note that S&P report that the super senior facility has a maturity date of July 2027 and has rounded the amounts of the debt to €648m and €95m respectively.

³ The DC notes that the public information indicates that these obligations, together with the EUR 634m term loan facility maturing in June 2026, were replaced by the Reinstated Facility.

⁴ See: <https://vue-international.com/our-media/press-releases/vue-completes-recapitalisation>; <https://ratings.moodys.com/ratings-news/392772>; <https://ratings.moodys.com/ratings-news/398205>; <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/2941436>; and the Explanatory Statement for the discontinued Scheme of Arrangement from July 2022 (available via reorg.com).

- 3.4 The DC understands that the typical Reference Obligation is the £300,000,000 7.875% senior secured notes due 2020 (the **Notes**). The Notes were issued by VIB (at that time known as Vougeot Bidco plc) and are described in the offering memorandum dated 11 July 2013 (the **OM**) and have been redeemed.⁵
- 3.5 For Transactions that still specify the Notes as the Reference Obligation, Not Subordinated would be tested as against such Notes. If Transactions do not specify a Reference Obligation then Not Subordinated would be tested as against “any unsubordinated Borrowed Money obligation of the Reference Entity”.
- 3.6 The DC has not determined whether or not the Reinstated Facility satisfies Not Subordinated.

4. Effect on Maturity buckets

- 4.1 In relation to Auction Settlement following a Restructuring Credit Event, the DC notes that:
- (a) Section 3.2(a)(ii) of the DC Rules provides that a Convened DC may resolve by Majority whether one or more Auctions may be held to settle Transactions in respect of the relevant Reference Entity in respect of which a Mod Mod R Restructuring has occurred (such resolution a **Potential Auctions Resolution**). The final number of Auctions would be determined under Section 3.4 of the DC Rules, and amongst other things, would depend on the Deliverable Obligations in respect of each bucket and whether more than one bucket has identical Deliverable Obligations that could be covered by a single Auction. This is the reason that Section 3.2(a)(ii) of the DC Rules refers to “one or more” Auctions. Section 3.2(a) also provides that the DC may resolve by Supermajority that no Deliverable Obligations exist in respect of a Reference Entity.
 - (b) Subject to sub-paragraph (d) below, if a Potential Auctions Resolution is adopted, Section 3.4(a) of the DC Rules provides that if the Triggered Transaction 300/5 Criteria is satisfied in respect of a group of Triggered Transactions for which the same Permissible Deliverable Obligations apply and that would likely be covered by the same single set of Auction Settlement Terms, then an Auction should be held covering such Triggered Transactions. Otherwise whether or not an Auction is held in respect of a particular bucket is resolved by Majority.
 - (c) The DC may resolve not to hold Auctions in which case Physical Settlement will apply.
 - (d) If the DC Resolves by a Supermajority that no Deliverable Obligations exist in respect of the Reference Entity, the DC may either:
 - (i) hold a deemed Auction in respect of Relevant Transactions within such bucket; or
 - (ii) determine not to hold an Auction in respect of such bucket, in which case Physical Settlement will apply.
- 4.2 The DC has not made any determinations as to the approach that should apply.

5. Next steps

The DC will send a communication to the Vue group to enquire whether it may be willing to provide the documentation for the Super Senior Facility and the Reinstated Facility on terms acceptable to the DC in accordance with the DC Rules. If the DC is not able to obtain the documentation it will decide the next steps to take, which may include the approaches set out in paragraph 4 above.

⁵ The OM is publicly available at https://vue-international.com/uploads/Corporate/Final_OM-IR_Website.pdf.