

EMEA DC Meeting Statement – 25 July 2023¹

DC Issues: 2023020201, 2023061901 and 2023062601

1. Summary

1.1 Pursuant to Section 3.8(b) of the DC Rules, the EMEA Credit Derivatives Determinations Committee (the **DC**) has Resolved the following in respect of the obligations of VEIL:

- (a) the Reinstated Facility is not a Restructured Bond or Loan that benefits from the final maturity date of either the RCF or the GBP Term Loan for the purposes of the final sentence of Section 3.32(a) of the 2014 Definitions; and
- (b) if the assumption in paragraph 5.4 below is correct as to the terms of the current Intercreditor Agreement (such that the Reinstated Facility is Subordinated to the Super Senior Facility), then (i) the Reinstated Facility is relatively more Subordinated than the Notes; and (ii) the Reinstated Facility does not satisfy the "Not Subordinated" Deliverable Obligation Characteristic in respect of Transactions that specify the Notes as the Reference Obligation or have no Reference Obligation, and

if the only other obligation of the Reference Entity is the Super Senior Facility, then there are no Deliverable Obligations in respect of Bucket 1.

1.2 Capitalised terms used in this paragraph 1 have the meaning given to such terms below. Capitalised terms used but not defined in this Meeting Statement 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**).

1.3 The DC intends to finalise its deliberations as to whether any Auctions will be held or whether Transactions will settle by reference to the Fallback Settlement Method shortly.

2. Obligations of VEIL of which the DC is aware

2.1 The DC is aware of the following obligations of Vue Entertainment International Limited (**VEIL**):

- (a) the EUR648.62m reinstated term loan facility with a maturity date of 31 December 2027 (the **Reinstated Facility**); or
- (b) the EUR94.83m super-senior facility with a maturity date of 30 June 2027 (the **Super Senior Facility**).

3. The availability of documentation

3.1 The DC recognises the importance of holding an Auction in respect of Reference Entities where a significant volume of Transactions are outstanding. This is reflected in the DC Rules in the Relevant Transaction 300/5 Criteria and the Triggered Transaction 300/5 Criteria – such criteria are designed to facilitate settlement of Transactions by way of an Auction in such cases. Accordingly, the DC has

¹ Formatting error in paragraph 1.1 corrected on 24 August 2023 – the text previously at paragraph 1.1(b)(iii) has been retained but a paragraph marker has been inserted following paragraph 1.1(b)(ii).

provided the market with time to make the relevant documentation available to the DC. The DC has also reached out to the Reference Entity in order to seek such documentation. Despite such actions being taken, the documentation has not become available on terms acceptable to the DC.

3.2 The DC determined that, pursuant to Section 3.8(b) of the DC Rules, resolving the matters in paragraphs 4 and 5 below was a matter of contractual interpretation relevant to the credit derivatives market generally, even if a Final List is not ultimately published.

4. Reinstated Facility – Restructured Bond or Loan

4.1 The DC determined that the Restructuring Credit Event with respect to the Reference Entity occurred on 26 January 2023. As a result, the first bucket of Buyer-triggered Transactions 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**).

4.2 The Super Senior Facility is not a Deliverable Obligation in respect of Bucket 1 as its maturity date falls after the relevant Modified Restructuring Maturity Limitation Date.

4.3 The DC has previously noted that the Reinstated Facility would only be a Deliverable Obligation in Bucket 1 if the Reinstated Facility is a "Restructured Bond or Loan" and 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**) could be applied pursuant to Section 3.32(a) of the 2014 Definitions.

4.4 The DC has Resolved that the Reinstated Facility is not a Restructured Bond or Loan that benefits from the final maturity date of either the RCF or the GBP Term Loan for the purposes of the final sentence of Section 3.32(a) of the 2014 Definitions. As a result it is not a Deliverable Obligation in respect of Buyer-triggered Transactions in Bucket 1. DC Members reached this determination for various reasons, including the following:

- (a) The Reinstated Facility replaced a number of instruments and Section 3.32(a) of the 2014 Definitions provides "*Notwithstanding the foregoing, for purposes of Section 3.32(a), in the case of a Restructured Bond or Loan [for this purpose assuming the Reinstated Facility could be a Restructured Bond or Loan] with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan [i.e. the Reinstated Facility] shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan [i.e. the Reinstated Facility] immediately prior to the relevant Restructuring.*" No single instrument existed prior to the Restructuring that became the Reinstated Facility. Instead, the Reinstated Facility replaced three separate facilities with separate maturity dates (not all of which were eligible for Bucket 1). Accordingly, there was no final maturity date of such Bond or Loan prior to the Restructuring.
- (b) The largest portion of the Reinstated Facility represents the replacement of the original EUR 634,000,000 term loan facility which had a maturity date of June 2026. If such maturity date were applied, then the Reinstated Facility would not be eligible for Bucket 1.
- (c) There was insufficient information to determine that each of the components of a Restructuring Credit Event had occurred in respect of either the RCF or the GBP Term Loan. Section 3.33(b) of the 2014 Definitions requires that in order to constitute a Restructured Bond or Loan, the relevant Restructuring must have occurred in respect of the original Bond or Loan.

4.5 This DC Resolution relates to the Reinstated Facility and the particular characteristics of such Reinstated Facility. If the DC is asked to make another determination in relation to whether an

instrument is a Restructured Bond or Loan, such determination would also need to be assessed taking into account the particular characteristics of the relevant obligation.

5. Reinstated Facility – Deliverable Obligation

- 5.1 In order to be a Deliverable Obligation for Standard European Corporate Transactions, the Reinstated Facility would also need to satisfy "Not Subordinated" as of the NOPS Effective Date and Delivery Date. On the assumption that the Reinstated Facility is subject to provisions which have a similar effect to one or more of the terms described in paragraph 5.3 below, the Reinstated Facility will fail "Not Subordinated" for Transactions that (i) specify the £300,000,000 7.875% senior secured notes due 2020 (the **Notes**) as the Reference Obligation or (ii) have no Reference Obligation. The Notes were issued by Vue International Bidco plc (at that time known as Vougeot Bidco plc) and are described in the offering memorandum dated 11 July 2013 (the **Offering Memorandum**) and have been redeemed.²
- 5.2 The Super Senior Facility is described in the public information as benefiting from a super senior position in the capital structure and ranking in priority to the existing debt and, upon completion of the restructuring, the Reinstated Facility.³ The Explanatory Statement dated 19 July 2022 (the **Explanatory Statement**) included a Restructuring Term Sheet and a form of subordination deed (the **Subordination Deed**). The Restructuring Term Sheet (which referred to the Super Senior Facility as the New Money Facility Agreement) noted that:
- "With effect on and from the Restructuring Effective Date, the Existing Intercreditor Agreement shall be amended and restated substantially in the form of the Loan Market Association recommended form of intercreditor agreement for leveraged acquisition finance transactions (super senior/senior) subject to such modifications as may be agreed by the Company and the Ad Hoc Group such that the New Money Facility shall rank super senior to the Reinstated Senior Facility **in right of payment** [emphasis added] and with respect to any recoveries from enforcement of guarantees and/or security (the "New Intercreditor Agreement")."*
- 5.3 The draft Subordination Deed reflected such ranking in the subordination provisions set out in clauses 2 and 3 of such Subordination Deed and included a turnover trust in clause 4 of such Subordination Deed.
- 5.4 Assuming that provisions which have a similar effect to the turnover trust and/or the other subordination provisions of the Subordination Deed were incorporated into the Intercreditor Agreement (for example, the presence of a turnover trust in favour of the lenders under the Super Senior Facility that does not apply solely to the proceeds of security enforcement), then the Reinstated Facility is Subordinated to the Super Senior Facility.
- 5.5 The Notes are not presently outstanding and are not debt obligations of VEIL. The DC has determined that in such cases "Not Subordinated" is assessed by measuring the relative Subordination of (i) the potential Deliverable Obligation and (ii) the redeemed Reference Obligation within their respective capital structures.
- 5.6 The DC reviewed the Offering Memorandum and determined that the Notes were not subject to Subordination under the 2014 Definitions.
- 5.7 If the assumption in paragraph 5.4 above is correct as to the terms of the current Intercreditor Agreement (such that the Reinstated Facility is Subordinated to the Super Senior Facility), then (i) the Reinstated Facility is relatively more Subordinated than the Notes; (ii) the Reinstated Facility is not a

² The Offering Memorandum is publicly available at https://vue-international.com/uploads/Corporate/Final_OM-IR_Website.pdf.

³ See: https://www.moodys.com/research/Moodys-rates-Vue-Entertainment-International-Limiteds-new-super-senior-secured-Rating-Action--PR_469289, https://www.moodys.com/research/Moodys-assigns-Caa2-to-Vue-Entertainment-International-Limiteds-reinstated-64862--PR_473143, and <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/2941436>

Deliverable Obligation in respect of Transactions that specify the Notes as the Reference Obligation; and (iii) if the only other obligation of the Reference Entity is the Super Senior Facility, then there are no Deliverable Obligations in respect of Bucket 1. Similarly, for Transactions with no Reference Obligation, Not Subordinated is tested against any unsubordinated Borrowed Money obligation of the Reference Entity and so the Reinstated Facility would also not satisfy Not Subordinated in those cases.